

"Do you consider that Mr. Fowler was entitled to a personal profit out of the transaction?"

"That also is a hypothetical question I would rather not answer," said Mr. Foster.

"Supposing that I were in Mr. Fowler's position, and acting for you, what do you think you would do?"

"I think I would call on you to account sharply for anything you did," replied Mr. Foster.

"That answers my question pretty well," said Mr. Shepley.

Mr. Foster went on to say that he had first heard of the double option when the evidence came out at this enquiry.

He knew the Union Trust was paying \$255,000, but in no manner, shape or form had he known there was an overdraft of \$255,000.

O. "Then you may explain if you will, the apparent payment to yourself out of this every fund," said Mr. Shepley.

"I don't know of any payment yet," was the reply.

"The Bank of Nova Scotia has an account with Mr. Fowler and the first payment of \$12,000, made then by Mr. Ryan, has been traced to this account. Most of the entire sum has been paid out to different persons, and out of it \$2,250 was paid to you."

A. "Yes, there was \$2,500 paid to me by Mr. Fowler," said the witness, "but if Mr. Fowler had any interest in the funds I certainly had no interest. Nothing was ever offered to me. No inducement was ever made that would tend to make me favor the purchase, and I have never received, in any shape, manner, or form, anything in that connection."

Mr. Foster then proceeded to explain that he had been in politics since 1882. Unfortunately, not being a lawyer, and equally so, a politician, he had not become rich, and had his own share of financial burdens which he found difficult in hearing. About 1904 and 1905 he had large obligations which came to a head and he was compelled to call on his friends for assistance. Among them was Mr. Fowler, with whom he had had dealings for 20 years. He did receive the \$2,500, which was included with, on account of and in connection with propositions which had nothing to do with any of the companies named in this investigation.

The manner in which the Union Trust Company came in as a lender was said to have first arisen in a conversation between Mr. Foster and Col. McGillivray. They had 337 shares of stock at their disposal, and it was agreed that they should go to the Union Trust Company and submit a proposal to advance the money. Mr. Wilson objected, fearing that the Union Trust Company would charge too high a rate of interest, but it was decided to lay the proposition before the board. In this connection Mr. Foster thought it was not ne-

cessary that there should be any idea that they acted as sharpers or were trying to do the Union Trust Company. Throughout the entire affair they had no other thought than that they were submitting a business proposition as business men. Under that idea they took the proposition open and above board to the board and submitted it. The Union Trust Company was to get the bonus stock of 337 shares or as much of it as was thought necessary as a fair compensation for making the loan.

"Then it was in the light of a benevolence to the Union Trust Company that you made the proposition?"

"We thought it was good business," said Mr. Foster.

"It never occurred to you to question the propriety of your acts in a dual capacity?"

"I never questioned it. It was the business of the Union Trust Company to lend money at an agreed rate of interest. I couldn't see any difference between lending small and large sums so long as the security was satisfactory."

Mr. Foster said he certainly did not think he was subjecting the Union Trust Company to any disadvantage. Mr. Shepley pressed for a definite answer as to whether the syndicate of three had considered that they were also members of the board and had to pass in their own acts as interested parties. Mr. Foster did not recall any discussion on the point, but would not admit that they had not considered their status on their dual capacity.

Mr. Shepley then produced the minutes of the directors' meeting of June 3, when six members were present, among whom was Sir John Boyd. Mr. Shepley referred to the evidence of the latter, of which he said he had always understood that the syndicate was putting up its own money. Mr. Foster could not explain the evidence, but was sure that nothing referring to this deal was held back at the meeting and that nothing was stated but the exact facts. The proposition, as put to the meeting by Mr. Foster, was to loan \$140,000 at not more than six per cent. to the New Ontario Company on the security of its option on Northwest lands. The policy of the proposition was adopted, but the details were not arranged. He was satisfied that the personal interests of the members of the syndicate were both mentioned and well understood. He could not recollect any conversation over it, but had no doubt as to the fact. The question as to whether the transaction was one in which the Union Trust Company could participate was referred to Sir John Boyd and Mr. Wilson for a legal opinion. The Union Trust Company was to have the option of taking fully paid-up stock at par and in addition it was to receive 237½ shares as a bonus. It was not contemplated at this time that the supreme chief ranger should get 100 shares. Sir John Boyd got 10 shares to qualify him as a director, for which he was not to pay.

THE SHARE DIVISION.

Mr. Shepley then took up the agreement of June 22, between the syndicate, the stockholders of the New Ontario Company and the Union Trust Company, as banker, and the Great West Land Company. There were 1,000 shares created by the extra 50 cents per acre, of which Messrs. Pope and Fowler got 50 shares. This left 950 to do with as they liked, subject to previous agreements. The