

# Interim Report on Dominion Trust Liquidation

## Comment and Explanation by Liquidator on the items of Realizations and Disbursements.

In our previous issue, October 6th, we printed from the report of the liquidator of the Dominion Trust Company, the probable results and the factors involved in the winding up, and concluded with a short statement of the realizations and disbursements. We again present this statement followed by the liquidator's comment and explanation.

Realizations .....	\$381,269.93
Liquidation expenses .....	167,657.20
Expenses re contributories .....	8,886.06
Advances to protect assets, etc. ....	56,528.63
Preferred claims paid .....	3,823.23
Cash on hand and in bank .....	144,374.81
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	\$381,269.93

The first comment to be made with regard to the above statement is, that considering the nominal value of the assets of the company as it appeared in its last published statement before liquidation, it would appear on a cursory view that the realizations as shown above have been phenomenally small, and the liquidation expenses phenomenally heavy. But a closer scrutiny reveals the unrealizable nature of the book assets, the success of the liquidation in realizing a large amount outside of the book assets, the chaotic condition of the company's affairs and, in consequence the inevitably large expense of the liquidation.

The realizations, amounting to \$381,269.93, when examined demonstrate clearly, (if demonstration be necessary), the unsound condition of the company's affairs at the time of liquidation. The actual gross amount realized from assets properly so called, that is, assets considered as such when the liquidation began, shown by the company in its last published statement at \$4,687,568.47, only amount to \$158,615.73. The remaining realizations amounting to \$222,754.20 were not shown as assets of the company and are the result of having at law successfully maintained the executor's right of retainer, realizing thereby \$186,209.59, and the earnings of the liquidation, \$36,544.61.

The heavy expenditure again arises from the condition of the company's affairs at the date of liquidation; the obligations amounting to \$3,673,545.19; the assets largely speculative scattered from London to Vancouver Island; and the affairs of the company requiring for an extended period the services of expert accountants to reduce the chaotic condition of the company's accounts to order.

Law expenses, one of the most important items of expenditure, are the result of no less than 102 actions, 71 of which the company was defendant (25 being actions for foreclosure) and in the remaining 31 of which the company was plaintiff. All these actions whether the company was plaintiff or defendant were necessary for the protection of the company's property, and all whether as plaintiff or defendant were under the advice of counsel and the sanction of the Court.

The following further comments are made with a view of explaining more fully the above statement:

**Realizations \$381,269.93**—This amount is composed, as already mentioned, of the following items:

General Realizations .....	\$158,515.73
Arnold Estate .....	186,209.59
Liquidation Earnings .....	36,544.61
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	\$381,269.93

The item "General Realizations" includes amounts received on account of loans, balances due by clients, estates order of foreclosure. Continuous efforts have been made

and trusts, contributories, and shares in other companies. In this connection it may be pointed out that the mortgagees of the Vancouver office building—the Mutual Life Assurance Company of Canada—have now obtained a final to dispose of the property without success. The opinion of the Inspectors was that no funds should be advanced to protect our equity.

With regard to realizations, the policy adopted has been to allow reasonable time to those debtors who make an honest effort to meet their obligations, thereby also saving unnecessary law costs.

**Arnold Estate—\$186,209.59**—This item is arrived at as follows:

Proceeds of life insurance policies .....	\$208,695.80
Other realizations .....	217.06
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	\$208,912.86

**Less—**

Law costs and other expenses re insurance actions now pending .....	\$17,301.69
General law costs re estate .....	4,332.63
General expenses re estate .....	1,068.95
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	22,703.27

**\$186,209.59**

A large part of the expenses incurred in connection with the insurance actions now pending will, of course, be recovered if the appeal to the Privy Council is successful.

**Liquidation Earnings—\$36,544.61:** The following accounts are included under this title:

Share of Interest and Profits from mortgage investments .....	\$16,000.00
Interest earned and received since date of liquidation .....	11,670.82
Fees and commissions .....	7,539.53
Buildings and Vault:	
Rents .....	\$21,229.41
Less expenses .....	19,895.16
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	1,334.26
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	\$36,544.61

The first item of \$16,000.00 represents the proportion of interest and profits earned on mortgage investments which were held subject to declarations of trust which require the company to pay a smaller rate of interest than the rate receivable under the mortgage, the difference being retained by the company. An action was commenced by one of the holders of an investment certificate to have the Court declare that, as the due payment of the principal and interest was guaranteed by the company, and as the payments were in default, the security should be transferred to the holder of the certificate. It was held, however, and the Court of Appeal upheld the decision, that the liquidator was entitled to retain these mortgages, making the collections and paying the certificate holders their proportion of the collections as and when received. While this decision has increased the work and responsibility of the winding-up, it has, at the same time, provided an earning of \$16,000.00 which should be considerably increased in the near future.

The item "Fees and Commissions" represents chiefly trustees and other fees and fire insurance commissions received.

The other items appear to require no explanation. As already stated, in addition to the above amount of realizations, the Royal Bank of Canada have collected \$110,222.50 on the security held by them.

<b>Liquidation Expenses—\$167,657.20</b> ...	
It will be seen that the liquidation expenses are divided as between the Vancouver offices and branch offices as follows:	
Vancouver office .....	\$126,215.76
Branch offices .....	41,441.44
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	\$167,657.20