

A—To some of them, the wholesale men, I sent statements; I sent statements to John McDonald, to Johnston, to Gault Brothers, and to Thibaudeau Brothers.

Q—Now, so much for the statement you made up here as to your assets? What amount do you make as to your liabilities?

A—Well, I omitted the local liabilities.

Q—Well, how were the local liabilities omitted?

A—Well, I sent a statement to the wholesale houses.

Q—Did the local liabilities come in your books?

A—No; they do not appear in my books.

Q—So your clerks, in making up the statement, would not know what the local liabilities were? A—Yes.

Q—And you omitted your banking liabilities?

A—That is what I mean; the principal local liabilities were the bankers.

Q—Have you sent these statements to the wholesale men every year?

A—I did it a couple of times up to last year.

Q—At that time had you any idea you would not be able to carry on, when you made the statement? A—No, sir.

Q—When was it you first apprehended you would not be able to meet the liabilities coming due?

A—On the first of May, 1895; then I had more liabilities coming due than I could take care of.

Q—Do you remember making another statement at the time of the assignment? A—That was a copy.

Q—No? Do you remember making the statement, preparing the statement, of which this is a copy?

A—I really do not remember of making this one, or a copy of that one. No, sir, I do not.

Q—I am told that the wholesale merchants have produced that amongst their papers?

A—Well, if they have, they must have the original. I do not think they can produce that in the original.

Q—Then, when you went down to get an extension in May, did you take anything down to the wholesale people?

A—If I did take anything down, it must have been a copy of the stock-taking.

Q—Do you remember whether you took anything down or not? A—Well, I think I did.

Q—Now, then, you had gone on until the 1st of May, in the ordinary way, buying and selling goods, and getting in money in the meantime? A—Yes.

Q—Buying in the ordinary way, how much would you buy in the course of a month?

A—There are months we buy more than others.

Q—How much would you buy, averaging all your purchases, in a month? A—\$1,000 or \$1,500.

Q—How much would be the most you would buy in a month?

A—I have bought up as high as \$8,000 or \$9,000, and I have sold as much as \$4,000 in a month. In January we would order probably \$2,500 of dry goods, \$1,200 or \$1,500 of clothing, \$200 or \$300 hats and caps, and \$1,200 in general goods; probably \$5,000 in the month; but latterly the orders have been smaller, because the trade has been poor.

Q—Then you got an extension from them, getting merely a release from interest? A—Yes.

Q—You were to pay one-twelfth each month until you paid them in full, and you thought you could do it?

A—I thought I could do that, certainly.

Q—Was it your proposition?

A—It was proposed by Mr. Gault, the extension was. I went down and told them I thought in time I could pay in full, that I had more than I could pay then; then he called for Johnston and Thibaudeau to meet, and they proposed to give that time to enable me to pay them.

Q—How were your expectations realized as to that; how were your expectations being realized in May and June?

A—Well, I had two accounts—one of \$1,300, and another of \$300—that I was expecting to get every day, and I have not got them yet; I expected to pay for the goods I was buying then, and meet the general payment.

Q—Now, what goods did you buy after you got the extension, from those who did not know about it?

A—I bought from Thibaudeau, Gault, and Johnston, and they knew about it; they signed the paper.

Q—Mackenzie—how much did you buy from him?

A—From \$300 to \$400; only a small parcel, at any rate.

Q—Who is Mackenzie?

A—He was a man who had failed and got back his stock; he had great flaming advertisements of great bargains; I went there to buy a couple of hundred dollars' worth, or a little more; well, it was a small parcel in comparison with the business I would do. Although it was only a small parcel, so confident was I about paying for the goods all right, that I got him to divide the amount up, payable in 30, 60, and 90 days, so as to divide it up among the rest. I bought from Glover & Brais a small parcel. Then, in Toronto, I met the agent of W. B. Hamilton & Son on the street. I told him I was not there buying goods. He told me they were running off some lines of goods very cheap, and urged me to go over and see them; and I thought I would be able to pay, and I bought a small parcel.

Q—You found about the middle of June you could not meet liabilities when they came due? A—I could not.

Q—Did they take proceedings against you?

A—Gault Brothers and Johnston issued writs against me; I tried to collect some of the large claims I had, but I could not get them in.

Q—The statement made up by Falls, had you any hand in making that up?

A—No, I had not; it was done by Mr. Falls himself.

Q—Let us see how this compares with what was made up by your clerks in February. Dry goods, \$5,759; yours appears \$7,268? That you knew nothing about?

A—I knew nothing about it.

Q—He puts doubtful, \$265? A—Yes.

Q—Was there 25 per cent. collectible?

A—Yes, more than that.

Q—Bills receivable, etc., reduced about \$7,427? Didn't you rely on them as good assets?

A—Yes, they were good, I thought, but I could not go and collect them at once.

Q—You had nothing to do with that? A—No.

Q—The large reduction that Mr. Falls made in the bills receivable was his judgment as a banker? A—Yes.

Q—You thought they were worth more? A—Yes.

Q—You said to my learned friend that your liabilities to the wholesale men had increased between \$5,000 and \$6,000 between the time of the statement and the time of the assignment? A—Yes; I do not see how that could be.

Q—Liabilities, direct, \$18,000? Does that include the banker's liability, which you omitted before, you know, and your local liabilities? A—I think it does.

Q—You think that includes everything? A—I think so.

Q—Whether it does or not, at all events, what you have paid you have told us after the extension? A—Yes.

Q—Mackenzie was paid in full?

A—Yes, for the parcel bought at the time of the extension. For the goods bought before that he accepted the compromise.

Q—Hamilton accepted the compromise? A—Yes.

Q—Glover & Brais? A—They were paid in full.

Q—How large was the amount?

A—A small amount, \$200 or \$250.

Q—You say in the trade, when there is insolvency, it is looked upon as necessary that some of the small amounts should be paid in full?

A—Yes; the wholesale trade know that is done often.

Q—Why or how, or under what circumstances was the amount of 50 cents on the dollar suggested in June, 1895; was it suggested as the sum you could pay or get security for?

A—That is all I could get assistance for; they would not allow me to pay any more than that.

Q—Who were they? A—The largest creditors.

Q—Who were they? A—Thibaudeau Brothers.

Q—Then Thibaudeau Brothers would only become your security for 50 cents on the dollar? A—Yes.

Q—Then the creditors had the choice between selling out the whole estate or taking 50 cents on the dollar with Thibaudeau Brothers as security? A—Yes; they had their own choice.

Q—And Thibaudeau Brothers were willing to trust you to that extent? A—Yes.

Re-examination, by Mr. Gibbons:

Q—You say that your creditors, with the exception of one or two, were aware of your position when you bought the new goods? A—Yes.

Q—How were they aware of your position?

A—I told them.

Q—That you had a surplus of \$7,000?

A—What the statement showed; the parties from whom I purchased my goods, with the exception of Mackenzie, were aware of my position.

Q—How were they aware of your position?

A—Well, they were aware I was getting an extension of time.

Q—Is that what you mean by saying they were aware of your position? A—That is what I mean.

Q—They did not have a statement of your affairs?

A—I do not know whether they had or not; if they wrote for one they would get it.

Q—A man does not get an extension without showing a statement? A—Yes.

Q—Did you show them the statement when you got the extension? A—Yes.

Q—Then they thought you had a surplus of \$7,000?

A—I do not know what they thought.

Q—If they believed your statement?

A—Yes; or I would not have got the extension.

Q—You showed a surplus of \$7,547.59? A—Yes.

Q—And what the assignee, Mr. Falls, did, was to deduct the bad debts, and they amounted to about the same amount?

A—Yes, and the bank.

Q—The bank is not in the first, but in the second statement?

A—Whatever you have got there is right.

Q—And deducting \$7,000 for bad debts, you ought to have been even? You had \$7,000 surplus; deducting as Mr. Falls did, the \$7,000 for bad debts, that would just make you even, wouldn't it? A—I presume it would.

Q—And you show a deficiency of \$5,000 on the assignee's statement? How is that?

A—Whatever is there is correct. I do not know how it is. I did not make that out.

Q—There is a \$5,000 deficiency you cannot make out and cannot account for?

A—There was some I considered good, and the bank would not take them.

Q—There is a difference, a deficiency of \$12,000, in six weeks?

A—I don't know. Whatever the statement shows.