

actual value of the assets of the company over and above its liabilities. It was thought by Yeates that a sale might be carried out upon these lines, and he immediately had a valuation made of the company's property.

Strong from time to time saw Yeates as to the progress of the valuation, endeavouring, as he says, to have everything in shape for Grant upon his return.

The figures shewn as the result of the valuation were satisfactory to Yeates and his fellow shareholders. They indicated that not only would the stockholders receive par for their stock, but a very substantial sum as representing what was called "the surplus."

During the course of these interviews, Strong's commission was from time to time discussed, and intention was expressed that if the transaction went through on the lines proposed a liberal commission would be paid to him. Strong says that this was figured out as being in the neighbourhood of \$15,000.

Upon Grant's return the matter was taken up with him, and what was referred to as "a tentative agreement" was arrived at. By this agreement the company would receive \$112,000 in preferred stock, as representing its then capital of \$108,000, plus \$4,000 which had been promised to some of the officers of the company. In addition to this it would also receive enough preferred stock to make up an amount of \$175,000 or \$180,000, and a further sum of \$50,000 in the common stock.

At this juncture Strong thought that his position as to commission ought to be clearly defined; and as the result of an interview with Yeates a memorandum was drawn up, dated July 14th, 1911, as follows:—

"E. G. Yeates of the city of Hamilton in the county of Wentworth agrees with F. T. Strong to pay him the following commission: In the event of the London Machine Tool Company being merged with the Canada Machinery Corporation, and the London Machine Tool Company getting in preference shares the amount of their surplus and a bonus of \$50,000 worth of common stock in which event F. T. Strong is to receive \$10,000 worth of common stock as commission and also in the event of the London Machine Tool Company receiving preference shares in excess of \$100,000 worth, twenty per cent. of such excess is to be delivered to F. T. Strong. This agreement is contingent upon E. G.