

will go down on the director acquires cheap shares at the expense of the clients of his broker's office.

Of course, sometimes they are bitten themselves. The shump is stronger than was suspected and it is then, when the brokers are cornered up, that they are not only able to speculate against their own clients, but in order to save themselves and their profits, they are forced to speculate against those clients and collect margins on shares which they do not possess.

Then there is another danger when these directors happen to be rivals, and they create a shump on the market to take revenge upon each other. As I am disposed to call people by their right names, I may remind the House of what happened between Mr. Ross, the vice-president of the Montreal Street Railway Company, and Mr. Forget, the vice-president of the Dominion Iron and Steel. Mr. Ross sold all his stocks in the Montreal Street Railway and Mr. Forget sold all his stocks in the Dominion Iron and Steel, which caused a shump. Now to show you what brokers who happen to be directors of companies are apt to do, I will quote you a telegram that was received by a friend of mine during the last shump. He had bought 200 shares of Montreal Street Railway on the Montreal market. He paid the margins for several days. One day he got tired and he caused his agent in Quebec to wire to a Montreal broker to sell his shares in the Montreal Street Railway Company for such a figure, which he quoted. The shares were not sold. Instead of that he received a request for still more margins. He replied ordering to sell at prices quoted at the stock exchange, and here is the reply that came:

"Cannot sell stock at all, quotation is put there to support the market."

Now, Sir, either one of two things, either the brokers lied to my friend or they lied to the public on the board of the stock exchange. If the telegram stated the truth, the public was humbugged as to the value of the Montreal Street Railway Company's shares. If the quotations were accurate, the broker had evidently already sold my friend's shares and collected margins after the sale and was unable for the time being to pay the proceeds of the sale.

Now, Sir, last fall, there was a newspaper quarrel in Montreal that attracted a good deal of attention, a quarrel between 'Le Journal' and 'La Presse,' between 'Le Journal' which is kept up by Senator Forget's money, and 'La Presse,' which is edited by Mr. C. A. Dansereau. I need not make the House acquainted with either of those two gentlemen, they are well known. Neither will I repeat any of the sweet names that they exchanged between themselves, of which 'robber,' 'brigand,' 'pirate' on one side, and 'traitor,' 'spungier,' 'drunkard,' on the other side, were among the

sweetest. I will simply confine myself to the accusations that come within the scope of my arguments. First Mr. Dansereau accused Mr. Forget of having sold without notice \$100,000 worth of shares that were held by the late Sir Adolphe Chapleau. Mr. Forget denied that and replied that his books were open and that if Mr. Dansereau would come and examine them he would find even some profits that Mr. Dansereau himself had made. I will read a short extract from Mr. Dansereau's reply, in French, and then translate it into English:

Je ne trouverais dans vos documents ni les conseils donnés à vos clients, ni leur rage, ni leur déception. Rien ne me dirait si vous achetez pour vous les bons lots dans la baisse, plusieurs jours avant de faire acheter les autres à la hausse. Je n'y trouverais pas, non plus, si vous les faiblesz vendre à la veille d'un essor, je n'y découvrirais aucun indice de la défense formelle et persistante que vous avez imposée à tous vos clients de toucher au Dominion Coal et au Steel. Nous avons vu le rare spectacle d'un directeur jouant contre le crédit de sa compagnie.

Mes transactions avec vous ne furent pas longues et intéressent peu le public. Vous fîtes assez bon pour m'acheter du Pacifique en échange d'une information, d'un "tuyau", et vous m'écrivîtes que j'avais réalisé, je ne sais trop, probablement \$1,200. Vous savez que je ne les touchai jamais.

Here is the translation:

I should find in your documents neither the advice given to your clients, nor their anger, nor their deception. Nothing would show me whether you bought good lots on a decline several days before selling others on the rise. Neither should I find whether you sold them on the eve of a rise, nor should I discover any indication of the formal and persistent prohibition which you had imposed upon all your clients from touching Dominion Coal and Steel. We have seen the rare spectacle of a director playing with the credit of his company. My transactions with you were not long and of little interest to the public. You were good enough to buy Pacific for me in exchange for a pointer I gave you, and you wrote me that I had realized, I do not know how much, perhaps \$1,200. You know that I never received it.

I regret I cannot translate exactly the word "tuyau." The literal translation is "pipe." It is a very expressive slang word, which means a valuable information received and given secretly. Mr. Forget avoided carefully to repel the accusation that he was gambling against the company of which he was a director; but in reply to the other charge, he stated that he had never bought Canadian Pacific Railway stock for Mr. Dansereau, in London, and he had only bought some shares in New York out of which Mr. Dansereau had realized a profit of \$118. Mr. Dansereau then had a photograph taken of the memorandum that came from the Forget house and he had it printed in 'La Presse.' I will read that memorandum. It is as follows: