

Q. There is no doubt about this, that irrespective of documents, the payment of 2,000 part interests for the five shares of Sterling was the result of discussion between you and Sweezy? - A. Yes.

And that payment of the part interests for the five qualifying shares of Sterling which had been issued to the five stenographers was contingent on the Beauharnois people entering into an arrangement with the Dominion of Canada under the Navigable Waters Protection Act, as provided for in the lease which they held in the Province of Quebec. This to the knowledge of Senator McDougald. (A161)

With regard to the value of the Sterling Industrial Corporation, which evidence has been given, it was referred to by Senator McDougald as having a 'nuisance value' (A165) and (B914), from which the following quotation is taken:

Q. To Senator McDougald? - A. I am talking of Canada now. The chairman says it would affect Canada. It would not affect Canada.

Q. Why not? - A. How would that affect Canada. It was not costing the Dominion of Canada -

Q. We may as well thrash out this thing here now. There are a good many dollars in it, and large advances made by the public, and it arose through the fact that the Sterling had a delay or a nuisance value, that is how it affects Canada. - A. I do not think that is a correct statement to make.

Q. You recognize that the capital of the Beauharnois Power Corporation has been increased? - A. I recognize that when the bankers put out that \$30,000,000 of debentures that they were absolutely protected and covered, and that the men who bought them were protected in every way, shape and form that they could possibly be.

Q. By reason of this transaction, the Beauharnois Corporation, if it is successful, has to pay dividends on 208,000 class "A" shares? - A. Every company has to do that.

The CHAIRMAN: Answer that question? - A. I cannot answer that question.

The CHAIRMAN: Let us clear that up, before we go on.