

There can be no doubt, however, that the arrangement whereby Beauharnois agreed to pay 2,000 part interests for the 5 no par value shares of Sterling, which had been issued, was the result of negotiations between Sweezy and Senator McDougald (B158).

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.

The 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 was to the knowledge of Senator McDougald (B159) and also that his sale of Sterling was valueless unless that arrangement was completed.

With regard to the value of the Sterling Industrial Corporation on which other evidence has been given, it was referred to by Senator McDougald as having a "nuisance value" (B163) and (A914):—

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.

Mr. STARR: There are only 80,000 shares involved.

The CHAIRMAN: I will get at it in a moment.

Q. How many shares of the Beauharnois Power Corporation were issued to you and Henry?—A. 80,000.

Q. By reason of your having sold a nuisance value in the Sterling Industrial to them, how many shares were issued?—A. 80,000 shares.

Q. 80,000?—A. Yes.

Q. Now then, what Mr. White says is perfectly correct, that you had in contemplation that at some time or other that dividends would have to be paid on those shares, if they paid dividends?—A. If they paid dividends.

Q. And those dividends would be paid to you and your associates, on what is obviously a nuisance value, sold to them. Is that right? Why hesitate, Senator?—A. That is essentially correct, yes.