

Phillips, editor of an insurance magazine, who received a commission in connection with the amalgamation of the Home and People's Life companies, also received a commission of \$2,500 for his services in connection with the absorption of the Toronto Life by the Union Life. Mr. McPhillips first made the suggestion that the transaction be made along the lines it was subsequently consummated.

The method of absorption as explained by Mr. Symons was that control of the stock of the Toronto Life was obtained; the Board of Directors re-organized, and a resolution adopted by the new board to go out of business. The Union Life took over the insurance in force, and under the agreement they will get the reserve of the Toronto Life required by law to carry the insurance taken over, the international agency through which the transaction was carried out taking the balance of the assets. Some of the shareholders of the Toronto Life objecting to the arrangement, litigation followed, and an offer was ultimately made to them to take their stock at 60 p.c. of the amount actually paid in cash, or 80 p.c. if they accepted debentures. Many of them had accepted, and Mr. Symons thought all would accept.

Hon. George E. Foster was again before the commission, and proved an excellent witness.

"Are you a member of the I.O.F.?" asked Mr. Shepley.

"By the grace of the Supreme Chief Ranger I was made an honorary member, in the twinkling of an eye," responded Mr. Foster.

"When the trump was sounded?" queried the lawyer.

"I didn't hear any trumpet," said Mr. Foster, who went on to say that he had never had any other connection with the order. He had been general manager and a director of the Union Trust Company until recently, and was willing to agree with the evidence given by Mr. E. G. Stevenson in connection with the Kamloops Lumber Company. It had been intended that all the moneys should come from the Union Trust Company, though there was no idea that so large a sum would be required. He had a general knowledge of the negotiations and the arrangements regarding the disposition of stock, and also of Mr. Irwin dropping out. He, however, had had no interest in Mr. Fowler's ostensible share, and none of his own. Mr. Fowler later gave him an option on a portion of his share, which ran over a period of years. He was to have the privilege of buying the shares at par, plus interest and expenses.

"Was it intended to keep your personal interest in the Kamloops Lumber Company quiet?" asked Mr. Shepley.

"No, I have disclosed that interest on several

occasions," replied Mr. Foster. He added that he had advised Mr. E. G. Stevenson of it some three or six months ago, when they were talking over British Columbia matters. It was after he left the Union Trust Board. He had understood that Mr. Stevenson was advised that a larger sum had been paid for the property than the sellers received, but he had not known of any disposition to put the spur on Mr. Fowler. They had secured a report on the property from Messrs. Irwin and McCormick, and Mr. Irwin had subsequently dropped out for the reason that he refused to go on a joint note with the others guaranteeing the payment of the moneys. The Kamloops Lumber Company had decided that it should have a joint and several note.

"Was it because Mr. Irwin was the most responsible of the three?" asked Mr. Shepley.

"No; I won't say that," said Mr. Foster. "Mr. McCormack was a good man and a good lumberman."

Mr. Foster then went on to say that the Union Trust Company had always acted on two principles. No considerable investment would be made if one or two of the directors strongly objected. It was felt that there were plenty of good ones, and it would be better to take one on which all were agreed. Then the outside directors, representing small interests in the company, while giving the best service they could in council, never once insisted on an investment that did not have the consent of the I.O.F. and the other directors. The directors had been a unit in the Kamloops investment.

Mr. Shepley pressed for an opinion as to the morality of the action of the directors in using trust funds for such investments.

"We had our legal advisers," said Mr. Foster, "and as far as my legal conscience was concerned, I was willing to leave the question to them."

"Then you gave over your legal conscience to Mr. Wilson and Mr. Gillivray?" asked Mr. Shepley.

"I did not say that," replied the witness.

"We also had Mr. Stevenson on the board, as good a lawyer as the others, though I don't want to be invidious."

Mr. Shepley continued to press for an answer in regard to whether the company ever considered the merits of the policy of going into business with trust funds, and Mr. Foster explained again the distinction he made as manager between two classes of funds he had for investment. Money coming in for subscriptions to stock he considered could be used for the purposes allowed by the charter, while the moneys held in trust for the Foresters was to invest according to the powers of the I.O.F.

"Would you say that Mr. Fowler was acting as your agent in the transaction?" asked Mr. Shepley.

"That's a legal question, and I would not like to answer it," was the reply.