The charge however is that such moneys are going into the pockets of stockholders, and that the insurance business is being exploited at the expense of policyholders.

Since the beginning of this year,—

States the Journal of Commerce,

—"or rather within the past few months, two acts of gross injustice to policyholders have been perpetrated. First, the sum of $1,275,000 has been taken out of the funds of the North American Life Assurance Company and transferred to the pockets of a few people. Second, the sum of $1,500,000 cash has been taken out of the funds of the Sun Life Assurance Company and transferred to the pockets of a few people. This is the largest amount which those who have the controlling interest of the stock of the Sun Life Assurance Company have paid to themselves at one time."

The paper then goes on to tell how, for three years, the management of the Sun Life Assurance Company tried to increase the capital stock of that company so that their heavy takings of policyholders' funds would not be noticeable, tracing the fight for increased capitalization through the House of Commons and the Canadian courts to the final decision given by the judicial committee of the Privy Council in London, England. Commenting on this decision the Journal says:

The decision is final; but it is doubtful if the directors of the Sun Life will ever make use of the right given them. The assets of the Sun Life have been plundered to such an extent that only mutualization can save it from the scrap heap of defunct insurance companies.

In other words, the Journal of Commerce states that the Sun Life Assurance Company is insolvent. One would think that pending the right to increase their capitalization the rate of dividend would not be substantially increased. On this point the article says:

Failing in their first attempts to hide their takings by an increase in capital, the management of the Sun Life evidently decided while they were striving for an increase of capital to put on a bold front and take what they wished in the form of increased dividends upon the existing capitalization of $2,000,000. The rate of dividend they have declared and paid in cash in each of the last four years is as follows: 1928, 15 per cent—

That was a good year.

—1929, 25 per cent; 1930, 50 per cent; 1931, 75 per cent.

That was generally a very bad year, economically speaking.

During the last five years the policyholders of the Sun Life Assurance Company of Canada and the North American Life Assurance Company have suffered heavy losses and cannot afford to have any more taken from them. Apart from the questionable character of these transactions, neither the North American Life nor the Sun Life are in a financial condition to pay out so much at this time. During recent years, both companies have been investing much of their funds in speculative securities and have suffered heavy losses as a result.

As a result of these losses the Sun Life has had a serious deficit which it covered up by means of fictitious bookkeeping and padding of assets. Almost $16,000,000 of the deficit, it is charged, was covered up by a claim of that amount of profit in the Sun Life's holdings of the stock of the Montreal Light Heat and Power Consolidated, consisting of about 453,746 shares. The article in the Journal continues:

These shares have been split twice recently and pay a dividend of only $1.50 per share, yet they are valued in the assets of the Sun Life at $57 each, which at this inflated price gives a dividend return of less than three per cent. Recently the market value of these shares has gone down to $38 per share. Their correct value should be the same as that of all other heavily watered securities, namely less than $10 a share. In the books of the Montreal Light Heat and Power Consolidated they are valued at $12.84 a share.

Other instances of fictitious bookkeeping are given. As an example of alleged padding of the assets to cover up the deficit, many formerly valueless items were carried over from a contingent fund into the assets. The article in the Journal continues as follows:

If these stocks and bonds were of no value during the boom years of 1928 and 1929 they surely were of less value on December 31, 1930, when they were brought into the assets and given a value. Dozens of other items included in the assets of the Sun Life have all the earmarks of inflation and padding in an attempt to justify the payment of $1,500,000 cash to the stockholders as dividends on $2,000,000 of capital stock, one-half of which the superintendent of insurance, in his evidence before the banking and commerce committee of the Canadian House of Commons in March, 1929, showed had been paid for by transfers from policyholders' funds.

According to returns made by the Sun Life to the government at Ottawa on March 1, the unpaid death and other claims of policyholders are too large, amounting in all to over $10,000,000. The Journal asks the following question:

Why should these unpaid accounts of policyholders be allowed to accumulate, while a dividend of 75 per cent in cash is paid to the stockholders who have contributed less than one-fifth of one per cent of the assets of the company against 99⅘ contributed by the policyholders?

One of the most serious charges is made against the president of the Sun Life Assurance Company. Mr. Macaulay is charged with scuttling the ship, as it were, and then, to use a slang expression, getting out while