

some means of transferring this so as to keep down the cost, which we did; it was perfectly legal and a form of doing business in Paris. I finally decided it would be better to form this company and eliminate the syndicate, make the loan direct from the Prudential Company, and the Prudential Company agreed to advance us £700,000. I think my negotiations with them up to that point went into about the middle of October, and I came out to Canada to report to the Board, and it also required the approval of the Government, so I came back to put the whole matter before the Government. The Board approved of it; the resolution which was put through has been tabled in a return which has been brought down in the House. I might say that before I came over I had an understanding with the Hon. Mr. Barrington, who represented the Prudential Company, and that is embodied in a memorandum which was tabled in the House. I also had an understanding with Mr. Aronovici as to the transfer, and that is also embodied. A resolution of the Board was passed authorizing me to proceed on the lines I have just set out. I also explained the matter to the Prime Minister, to Mr. Graham, and to Sir Lomer Gouin, and I had an informal approval, that it was quite all right to go ahead on this basis, and the proper Orders in Council would be put through when the transaction was completed. I returned to Paris and started to take steps to clean the matter up. The question of payment to Mr. Aronovici then came up. Mr. Aronovici had been advanced, in round figures, \$2,600,000, that was represented by a note which he had given to the Bank; the Bank had given him the money practically on the guarantee of the railway; the railway had to deposit funds to cover it. The question then came up of checking up what he had done with this money. There was no difficulty about the main items, because they are all recorded in the office in Paris, and we had the notarial documents which were quite all right; we had no trouble checking them. The purchase price of the property, the exact amount, was 28,000,000 francs.

By Mr. Kyte:

Q. How much would that be in our money?—A. It would depend on the exchange. There was about 40,000,000 francs advanced altogether, and that represents about \$2,600,000, and a little over. The registration fee was 3,360,000 francs; that is what the French Government got out of it.

By the Chairman:

Q. Original price, 28,000,000 francs?—A. Yes. The registration of the mortgage cost 750,000 francs. A man named Delaine, a reputable architect of Paris, who had the option, had been paid 600,000 francs. The Grand Cafe, which had a lease, was paid 3,710,000 francs. I might explain that, probably, in going along, in connection with another charge in connection with the purchase of property in Paris. Nearly every lease in Paris is a long lease, running from 14 to 15 to 20 years. A great many of these leases were made before the war when the franc was at par, roughly 20 cents. The franc went down before I left Paris to about 5 cents. Naturally the lease was worth just four times what they had originally paid for it. If a man had made a lease to pay 100,000 francs a year for a piece of property before the war, he could not get it to-day for 400,000 francs. Not only did the franc go down, but during the last three years the rental value of property in Paris has gone up; it is almost impossible to get an office or a building. In fact, it is so bad that the French Government has put through a statute that where there are dwelling houses, you cannot convert them into shops. If you want to repair them, you must repair them as a dwelling house, the shortage is so bad. So, naturally, rentals went up while the franc was going down. So the rentals in Paris, if the franc had been the same as in war days or shortly after the war, would probably be 50 per cent

[Sir Henry Thornton.]