

He also, on the 24th, wrote the Penman Manufacturing Co. of Paris, in which he is a large shareholder and director, regarding the mills at Hespeler, giving a list of mill supplies on hand, amounting to \$16,297, and then stating: "As a director of the Penman Co., I would recommend that you offer \$130,000 for the mills, houses, lands, and everything connected with the place, on one year's time without interest. I could hold the deed and indorse your paper. If accepted, I would suggest putting a man in charge who is a carder and spinner and let him do all the work you can give him. . . . Next spring, if it is decided that you do not want them connected with your present mills, we could sell them, or, may be, get up a separate company to run them. I feel sure these mills will be worth double the day after the Penman Co. buy them, and I do not like to let these mills get into other hands until the Penman Co. has plenty of time to consider. The risk is so small in buying as I suggest. I think you should seriously consider the proposition."

There was at the time that Mr. Long made his offer \$37,000 cash belonging to the estate in the bank, which was included in the assets sold; there were manufactured goods which Mr. Long immediately sold for \$17,000; there were supplies which were necessary for the running of the mills, amounting to \$26,000, but which were carried into account at \$13,000; and bills receivable amounting to about \$80,000, which were carried in at \$75,000, as it was considered that they were good for that sum; then there was \$4,800, rebate on insurance: these several items amounted to \$146,500.

The Penman Co. had these mills under option at \$125,000.

It is manifest that Mr. Long was in a position to know of people who were likely to be purchasers of the mills which he acquired, and the facility with which he was able to dispose of some of the properties shews that when the mills were being sold separately there was no great difficulty in disposing of them, and he seems to have been possessed of a knowledge as to intending purchasers which, if as inspector he had communicated it to the liquidator, would have been of very great value to the estate.

As to the point arising under sec. 31 of the Act. Upon the appointment of a liquidator, the estate of the insolvent