

in loans to himself and his friends without disclosing the facts to the Trust Company.

THE FACTS.

Mr. Foster, Mr. Wilson and Mr. McGillivray, in their private capacity, independent entirely of the Trust Company, purchased an option on lands as they had a legal and moral right to do. They afterward sold this option to an incorporated company at an advance, payable in stock, of 50 cents per acre, and became members of the directorate of this company, as they had a right to do. The directors, nine in number, of this company, in arranging for finances to carry its business, proposed to the Union Trust Company that the latter should make a loan to their land company on the security of the property. The Union Trust Company, after a full consideration of the proposition, and after getting the opinion of Sir John Boyd that such a loan was within the competence of the company, decided to make a loan at six per cent. secured on the company's total assets.

In addition to the interest charged the Union Trust Company was to receive a substantial bonus in stock of the land company. Full disclosure was made of all the particulars, as is shown in the evidence before the Commission and detailed in Mr. Foster's speech. There was never at any time any doubt as to the sufficiency of the security. As the Union Trust Company's chief business was and is to loan funds on adequate security, the transaction was not only within its powers but along the line of its regular business. The vast majority of the company's funds is invested in real estate securities.

The Trust Company, besides its mortgage investment, will make a handsome profit out of its stock bonus and management charges. Messrs. Foster, Wilson and McGillivray can make nothing out of the advance for which they sold their option until all mortgage and other indebtedness is cleared off and the lands liquidated.

The Union Trust Company has from the first received all money coming from the sale of lands. Not one dollar of profit in any way has gone into the pockets of Mr. Foster or any other of the directors of the land company. It was simply and solely a transaction between two companies on the basis of what the loaning company knew to be ample security.

Though some of the directors of the land company were also directors of the Trust company, no evidence was or can be produced to show that any undue influence was exerted by them. It is not illegal and certainly not unusual for directors of one company to serve as directors of another with which business is transacted.

The directors of a bank are trustees for the public in the same sense as were Mr. Foster and the directors of the Union Trust Company, but it is a regular thing for banks to make loans both to their directors and to firms of which they are members. In fact, the monthly returns of banks published