

however, personally responsible for it. Later he volunteered the information that he had transferred the shares in question to Mr. Stratton.

Mr. McCutcheon told the commissioners that the business of the People's Life had shrunk from \$2,672,000 at the time of the merger to \$1,763,470 at the close of 1905. This, it was explained, was due to the writing off of lapsed policies.

Certain transactions which occurred after the union of the Home Life and People's Life Company were then gone into. In addition to Grand Valley Railway Company bonds, the Home Life Company was carrying Ontario Electric Light & Power Company of Cobourg, at a loss. Mr. Stratton had the whole account written off when he became president, putting an item of \$11,000 into the profit and loss account. In October, 1905, Mr. Pattison received \$1,100 for services rendered in 1892. Mr. Stratton saw Mr. Pattison about this, and pointed out to him that he had commuted all claims against the company for services, and Mr. Pattison told him if he had received any money he was not entitled to he would return it. There was another sum of \$1,325 received by Mr. Pattison, which Mr. Stratton had enquired into. Mr. Pattison told him frankly that this note was made to cover a loss on Sloss steel. Mr. Stratton spoke to the directors about it, and each of them sent in a cheque to cover the amount.

On looking up the matter, Mr. Tilley found that 100 shares of Sloss had been purchased for \$7,125, the directors giving a note in payment. It was sold on Dec. 31, 1903, and rebought on Jan. 2, 1904, without profit or loss, the purpose being to keep the transaction out of the Government report.

Just before adjournment Mr. Pattison was called to the stand and questioned with regard to his connection with the People's Life Company prior to amalgamation. It had been an assessment company, he said, until the close of 1899, when it became a straight life business. For several years, the witness said, the manager had been paid nothing for his services, though it was recognized that the position was worth \$5,000 a year.

Mr. Tilley wanted to know on what basis the witness calculated the value of the contract made with the Home Life Company, which he sold to Manager J. K. McCutcheon for \$80,000.

Mr. Pattison said that the contract had still eight years to run when sold. During that time he would receive about \$80,000 from the firm. He had consulted an actuary, who gave him the same figures, so he made the demand. Mr. Tilley asked for a statement showing how the calculation had been made. The witness promised to give one.

Mr. Pattison said that at the time of the amalgamation of the Home Life and the People's Life the shares of the old directors of the former com-

pany were bought from them for Mr. Stratton at \$25 a share.

"That was the highest price ever paid for the company's stock?" asked Mr. Tilley.

"Yes," replied the witness.

The examiner took a list of the payments made to the various old directors and found that they all received sums in excess of the value of their stock. Most of them got about \$500 more than the value of their holdings. The witness did not think the old directors could be expected to step out without getting some small payment, for standing aside to make room for the new directorate.

Mr. Tilley wished to know how the amounts to be paid were settled. "Did you give whatever was demanded?" he enquired.

The witness could not remember each individual case. Mr. Tilley pointed out that while Mr. J. W. Curry and Mr. R. H. Wood got \$500, Mr. Fred Diver received an extra \$1,250.

"Can you account for that?" was asked.

"I suppose he set that figure."

Mr. Tilley wished to know if the directors were aware that Mr. Pattison was getting \$80,000 for stepping out. The witness did not think so. He never mentioned the fact, though he would have told anyone had he been asked a straight question regarding the matter.

Mr. Tilley wanted to know if Mr. Pattison was aware that a percentage of the premiums of the Home Life was being paid to Mr. McCutcheon annually to make up the \$80,000 paid to the witness.

"I did not know how the amount would be raised," replied the witness, but added that he thought Mr. Stratton would pay it.

"Did you think that he would hand over \$80,000 in addition to the price of his shares?" was the next question, and the witness declared the company's business would warrant such a price.

Rev. Dr. Briggs swore that he did not know anything of the \$80,000 deal with Mr. Pattison until the facts were published. He did not think it was worth that amount to cancel the contract, and had said to a friend: "These friends should get \$20,000 for their services," but he replied that they would not get that much. Neither did he know anything of the \$11,000 deal with Mr. McCutcheon. It had never come before the directors, and had astounded him. Although it appeared in the minutes it never passed under the eye. He did not approve of such methods of doing business. He never saw the McCutcheon contract and it came as a bolt from the blue to him.

Mr. J. S. King, vice-president of the Home Life, had a knowledge of the Pattison and Firstbrooke contracts. He knew Mr. Pattison would get some financial benefit for the deal with the People's Life, but considered it entirely a personal matter.