

BORROWED COMPANY TO CONTINUE BUSINESS

Investigation of Union Life Affairs Reveals Astonishing Finance

The critical period in the Union Life Assurance Company's existence was in the year 1909. At that date the department of finance at Ottawa had refused to accept the securities held by the Union Life of its parent corporation, the National Agency Company, and it was necessary to secure other securities to satisfy the government inspectors. As both companies were closely connected, the death of one meant the downfall of the other. This was shown by the continuation of the government investigation into the corporation's affairs.

To meet the demands of the government, and show a sound financial groundwork, the National Agency borrowed the Stratford Building and Savings Society, secured the debentures of the loan company in exchange for its own, and then turned the Stratford Savings securities over to the Union Life. The assurance company placed the securities in its capital, and the finance department accepted them, and permitted the Union Life to continue business.

How Control Was Secured.

The control of the Stratford company was secured through the Imperial Trusts Company. According to the evidence given by Mr. Harry Symons, a former president, and original director of the Union Life, the National Agency acquired the Stratford Savings controlling stock for \$178,000. At the time the Imperial Trusts held a large block of stock, and acting under orders of the National Agency, obtained an addition sufficiently large to permit the National Agency to control the board of directors.

The campaign of the Union Life's brokers in the United Kingdom in 1910 resulted in disposing of stock to the value of \$785,000. Of this amount A. C. Masten, K.C., representing the Dominion Government, succeeded in tracing over \$626,000, of which fully three-quarters will be a total loss to the investors.

The following is how the \$626,000 of British capital was disposed of by the Union Life:—

Loaned to the Canada Provident Company..	\$340,000
Cash debenture of Imperial Loan Company.	37,000
Loaned to National Fruit Company	65,000
Deposited with Imperial Loan Company....	44,000
Expenses of British campaign	140,000
	<u>\$626,000</u>

About Some Loans.

The loan made to the Canada Provident Company, of Winnipeg, was secured by bonds of the Imperial Loan Company, supposed to have been valued at \$484,000.

The cash debenture of the Imperial Loan Company for \$37,000 and the \$44,000 on deposit can be realized upon in the future, but the amount will not be as large as the \$81,000 invested by many thousands of dollars.

The \$65,000 loaned to the National Fruit and Packing Company was secured by a first mortgage on the property of the company, situated in the vicinity of Mimico, which was valued by the officials at \$120,000, including the plant. This company is now in liquidation, and about \$20,000 can be realized upon the property.

Mr. Masten said: "There is no doubt but that they were made at variance with the intentions which the company expressed to the English investors when the debenture issue of three-quarters of a million was sold. It was stated that the money was secured to solidify and expand the business, but these investments apparently did not have any bearing upon either statements."

What Mr. Symons Says.

These loan transactions were discussed at the investigations, and Mr. Symons, K.C., a director of the Union Life, referring to one of them, said:—

"The loan would have never been made if I had been there, and I doubt if any of the directors but Mr. Evans knew of the real nature of the security. I did not know until a month later when I returned. It was at variance with my plans for using the money, as I desired that it should have been invested in mortgages and municipals. When I found out what had happened I decided that in future the rest of the money would be invested in Western assurance, and I visited Winnipeg and Vancouver with a view of securing good business relations, and investments. I had to go away again, however, and upon my return I found that Mr. Evans had canceled all my arrangements. I then washed my hands of the investments, as it was plain that my advice was of no use to the company."

GRAND TRUNK'S RETURNS

Gross Receipts Showed Increase and So Did Working Expenses

The report of the directors of the Grand Trunk Railway Company as submitted at the half-yearly general meeting held on Thursday, October 23rd, showed in the following comparison of the half-year's revenue account with that of the corresponding half-year to June 30th, 1912:—

	June 30th, 1913.	June 30th, 1912.
Gross receipts	£4,365,636	£3,834,328
Deduct—		
Working expenses, being at the rate of 73.46 per cent., as compared with 72.85 per cent. in 1912	3,207,111	2,793,286
Net traffic receipts	£1,158,525	£1,041,042
Balance of income from rentals, outside operations, and car mileage	Dr. 77,014	Dr. 33,505
Total net revenue	£1,081,510	£1,007,537
Add—		
Amount received from the International Bridge Company	16,013	16,013
Interest on bonds of Central Vermont Railway	6,507	6,507
Interest on securities of Controlled Lines and on St. Clair Tunnel bonds acquired by the issue of Grand Trunk Four per Cent. debenture stock ...	113,254	70,776
Balance of general interest account ...	50,737	51,232
Net revenue receipts	£1,268,022	£1,152,065

Surplus and Dividends.

The following are the net revenue charges for the half-year compared with the corresponding period, viz.:—

	June 30th, 1913.	June 30th, 1912.
Rents (leased lines)	£ 77,603	£ 77,603
Interest on debenture stocks and bonds of the company	630,973	571,642
Interest on debenture stock and bonds of lines consolidated with the Grand Trunk Company	9,703	9,230
Canada Atlantic Railway deficiency ..	73,992	52,805
Detroit, Grand Haven and Milwaukee Railway deficiency	76,624	50,680
	<u>£868,897</u>	<u>£761,960</u>
Leaving a surplus of	399,125	390,105
	<u>£1,268,022</u>	<u>£1,152,065</u>

Adding the balance of £12,785 at the credit of net revenue account on December 31st, 1912, to the above surplus for the past half-year of £399,125, the total amount available for dividend is £411,910, from which the directors recommend for the payment of the following dividends, viz.:—Dividend for the half year on the four per cent. guaranteed stock, £247,254; dividend for the half-year on the first preference stock, £85,420; dividend for the half-year on the second preference stock, £63,210; leaving a balance of £16,025 to be carried forward.

Gross Receipts Are Augmented.

The following table exhibits a comparison of the receipts for the half-years to June 30th, 1913 and 1912:—

Description of receipts.	1913.	1912.	Increase.
Passengers	£1,165,828	£1,035,756	£130,072
Mails and express	168,429	162,249	6,180
Freight and live stock	2,868,344	2,406,200	372,144
Other receipts	163,036	140,123	22,913
	<u>£4,365,637</u>	<u>£3,834,328</u>	<u>£531,300</u>

The Saskatchewan provincial executive of the trades and labor congress will ask the provincial government to take into consideration the formation of a commission upon a similar plan to that of the Saskatchewan Hail Insurance Commission, to insure all employees in Saskatchewan against injury or death through accident while at their work. It will practically take the place of the casualty insurance which every employer of labor has to place on his men under the present Workmen's Compensation Act of Saskatchewan.