

Mr. CARROLL: You cannot find that out until the common stock is sold.

Mr. FERGUSON: Well, the Securities Exchange Commission will know who controls this company and what stock is going to be sold and I will venture to say that these men who are promoting this project know it right now in their mind.

Mr. CONNOLLY: That is not so, sir, they do not.

Mr. FERGUSON: Well, they are now going to start to form a control over another company and decide which company is going to control the other, and we are saying here is a charter: do what you like with it. Now, there is no doubt about that, gentlemen.

Mr. SMITH: I want to know—if you do not want to tell me that is fine—where they anticipate control of this company will ultimately rest? Let me agree with Mr. Carroll that it will rest with the shareholders, but we are not here all so simple that we do not know that some companies control other companies by stock holdings. Now, where is it anticipated—I use no stronger word—where is it anticipated that control of this company is going to rest? Will it be with a Delaware corporation?

Mr. CONNOLLY: The Northwest?

Mr. SMITH: A company incorporated in the State of Delaware. Is it with that one or will it be in this one here? There are many ways of getting rid of stock other than for cash. You can issue stock for services, you can issue it for properties or anything of that kind. Where does Mr. Dixon anticipate control of this company will ultimately rest?

Mr. CONNOLLY: Well, Mr. Smith, I do not want to interfere with your question to Mr. Dixon.

Mr. SMITH: I beg your pardon.

Mr. CONNOLLY: Perhaps Mr. Dixon should step in now and have something to say about where control of the company will rest. As Mr. Carroll said, it will be wherever the majority of the stock is sold. Now, if it is purchased by Northwest, then that would be where the control is, but as I said, and as Mr. Dixon has said, the intention is to sell the securities of this company on the American and on the Canadian market. I think perhaps it might be a fair assumption to make, that all the money required for this project may not be able to be secured from Canadian sources.

Mr. SMITH: I think you are right on that.

Mr. CONNOLLY: So there will certainly be some American money that will have to find its way into this company. It will depend on how much Canadian money is available. May I say this to you, sir, there is no intention at the moment of channelling any specific amount of stocks in any specific direction?

Mr. SMITH: May I ask you this? Let us take a concrete illustration, because this is the way companies are operated. In selling your preferred securities, be they bonds or preferred shares, do you intend to give a bonus of common stock? In other words, let us assume that your chief backer, which is Morgan, Stanley & Co., agreed to put up so much money. Now, Morgan, Stanley are not going to put up the major portion of the money unless they have control of the operation. That can be done in various ways. It can be done by giving Morgan, Stanley a bonus of common shares or it can be done by Morgan, Stanley purchasing a block of common shares. I use Morgan, Stanley's name merely because they are mentioned in the application. I would like to ask where do the promoters, who are before us, anticipate the control of the company will come to rest?

Mr. DIXON: Well, I can say this, that I know the last thing in the world the bankers want is control.