

## APPENDIX No. 1

*By Mr. Coster, K.C., Counsel for the Committee:*

Q. You cannot verify nine out of every ten there?—A. I cannot verify it to the extent of knowing what the business of the company in Canada has been, what death losses there have been, and check them from the books in that way.

Q. In your mind?—A. It may be in my mind—Mr. President, I do not think these side remarks should be allowed.

*By Mr. Geoffrion, Counsel for the Company:*

Q. With reference to exhibits 48, these figures were, you say, prepared by your employees over in New York?—A. Yes.

Q. Have you any moral doubt that they are correct?—A. The figures on which I based in this compilation were prepared by my employees in New York. I have no question that they are correct.

Q. And you checked every tenth?—A. I checked every tenth in the original list. I compiled, myself, this synopsis.

Q. And they can be verified?—A. They can be verified.

Q. By an examination of the books of the company?—A. Yes, the examination of the books of the company will verify them.

Q. Do you know for what reason the Bankers' Life Association of Des Moines reported only part of its membership fees as income until it was forced to report them fully in 1902?—A. I do not know the reason. I could not testify as to the reason.

Q. Are not the commissions of agents, or cost of getting business, paid out of those membership fees?—A. They are. That is primarily what they are for.

Q. Does it not suggest to you why the report was incomplete?—A. I think I know why it was incomplete, but I was asked if I could testify from my knowledge, and I could not.

Q. And as a matter of fact you could not?—A. No.

Q. Can you give us your opinion on the fact and help to enlighten the Committee? Objected to by Counsel for Committee. Question withdrawn.

Q. Do you know of any possible explanation of this sudden change in the report, and of this discrepancy between the sum to which the membership fees should amount and the sum reported.

Objected to by Counsel for the Committee as tending to contradict the sworn statements to the Department of Insurance of New York state.

Question allowed on reserve.

—A. I know as a matter of fact that very many of the assessment companies made it a practice, in reporting to the department, instead of reporting their full membership fees, to report simply that portion of them that were received actually at the home office, deducting the portion paid to agents. I found that was followed in the Mutual Reserve before going there, and it was followed in the report to the Canadian Department by the Mutual Reserve, and by the Canadian Department the amount was changed to the full membership fee; and knowing that fact and knowing that in 1901 there was a very strong agitation in regard to the Bankers' Life stating this very same thing was done, I base my opinion that that was the course that was pursued, and not in the way of charging perjury against the officers, but that simply was the way of making the reports.

Q. It was the practice?—A. It was the practice. A great many assessment companies to my knowledge did it.

Q. Those amounts retained by agents will not be entered as income or expenses? —A. Neither as income nor as expenses.