

Q. Let me tell you that that item is dated—the syndicate dissolved April 4, 1928, and we have it in evidence that the company obtained an amendment to its charter in March, 1928, giving it the power to do this particular construction, that is, the canal from Hungry Bay to Melocheville.

Mr. WHITE: Giving it the power to do that? How could it do it?

Mr. MONTGOMERY: Yes, under the charter, 11A.

Q. You know nothing about that?—A. No.

Q. Without information as to the facts are you in a position to state that they did not receive tangible assets for the million?—A. The figure of \$261,000 quoted by me, was taken from the balance sheet furnished to me by your auditors, as of April 4, 1928.

Q. And it represented to you what the first Syndicate had acquired, did it not, indicating the first payment to Mr. Robert, and so on?—A. The first payment to Mr. Robert was included in the \$261,000.

Q. I am merely citing that as an item that goes to make up the \$261,000?—A. That is right.

Q. You do not know what work the first Syndicate had accomplished before turning over the second syndicate in March?—A. No, sir.

Q. Consequently, you are not in a position to say whether they received any value for the million?—A. No, sir.

The CHAIRMAN: Is anybody in a position to say.

Mr. MONTGOMERY: I think it is an important thing to know. A group who had acquired a charter from Quebec empowering them to carry out this project, and turning it over, was entitled to some value for it. It is a matter of appreciation, of course, as to the amount. I think it would be rather a modest amount.

The CHAIRMAN: Or anybody in his position.

Mr. MONTGOMERY: I think that is a matter of common knowledge, that the group who had acquired a charter from the Quebec Government to carry out this project and turning it over, was entitled to some value for it. This is a matter of appreciation, of course—

The CHAIRMAN: How would you go about fixing the value?

Mr. MONTGOMERY: They would fix it themselves. The project, as it then stood, after they had finished a year and a half's work on the thing on which they had expended, in acquiring actual physical property, \$261,000, they turned the project over, as was, for a million. The value is an arbitrary basis.

The CHAIRMAN: The difference would be \$739,000.

Mr. MONTGOMERY: Yes, precisely; but I do not think you can say from that that they did not receive a tangible asset.

Mr. WHITE: What tangible asset does my learned friend suggest?

Mr. MONTGOMERY: Shares in the Beauharnois Light, Heat & Power Company, the properties which had been purchased including—

Mr. WHITE: That is included in the \$261,000.

Mr. MONTGOMERY: I am talking about the million. They received the project which they had acquired with the rights to develop a small amount of power out of the old feeder canal, and which had then become a project empowering the company to develop this proposition from Hungry Bay to Melocheville, not through the old feeder canal at all. In other words, they had acquired a project which they turned over at large potential values.

The CHAIRMAN: It was a capitalization of the potentialities?

Mr. MONTGOMERY: Call it that if you like. I would not have the impression left in the record that it was turned over for nothing.