S. PEDLAR

Hebb mitchell

vs.

ROYAL CANADIAN INSURANCE COMPANY.

The following Telegrams, Letters, Agreements, &c., &c., &c., are copies of those fyled in this case in the Superior Court, Montreal.

In the summer of 1873, when the Hon. John Young and others were actively engaged in establishing the Company, (defendant.) Mr. Young, induced the Plaintiff to visit the Maritime Provinces to secure subscriptions to the capital Stock of his Company, agreeing to pay the Plaintiff a commission of one per cent upon such capital as might be secured to his Company through the services of the Plaintiff.

The Plaintiff accordingly left Montreal about the 8th of July, and on his way to the Maritime Provinces conceived the idea that the quickest way to promote the rapid extension of the Company's operations in those distant parts of the Dominion, would be to confine his efforts to absorbing local Insurance Companies, instead of inducing capitalists to put fresh capital into the business of fire Insurance, to injure the capital already invested in the business. Before reaching Halifax, the Plaintiff gained a good deal of information about the local Fire Insurance Companies of Halifax, and soon after reaching that city he called upon the President of the "Nova Scotia Mutual Fire Insurance Company", Mr. James B. Duffus, and made known to him the object of his visit to Halifax, mentioning at the same time, that he considered it would be to the advantage of the shareholders of his Company to retire from business, and transfer their capital and risks over to the Royal Canadian Insurance Company. The proposition was a bold one, but from the first it was looked upon with favour by the President of the Nova Scotia Mutual.

Finally, the Plaintiff decided to communicate with his principals at Montreal, which he did as follows by telegraph :—

Halifax, July 12, 1873.

To the Hon. John Young,
Royal Canadian Ins. Co.,
Montreal.

Favourable opportunity for amalgamating the Nova Scotia Mutual Fire Insurance Company, paid capital hundred thousand dollars, at risk nearly two millions of dollars. They want twenty-five per cent bonus, what say you?

(Signed,) S. PEDLAR.

The above telegram was the first intimation the Company had of the Plaintiff's project, and as it indicated a different line of action from what was expected, it must have been an agreeable surprise. The following letter was also forwarded the same day :—

Halifax Hotel, July 12, 1873.

To the Hon. John Young,
President Royal Canadian
Insurance Company.

Sir.—The telegram just sent you, doubtless will convey the impression to your mind as well as the Directors, that Halifax people have been made aware of the object of my mission hither. I have now attained to that stage that it is highly necessary that I should give a full description of the matter up to this date. I found the city had several Fire Insurance Companies, and the Foreign ones, lowering their rates. The Ætna of Hartford, in the hands of a most excellent agent, was not in the tariff combination, thus removing the objections which existed so favourably to our work in Montreal.

I decided to sound through Mr. Kinnear (of Kinnear & Jones), the Nova Scotia Mutual Fire Insurance Company, a company of two years standing, in a healthy state, with a good paid up capital of one hundred thousand dollars, to see if it could be got to transfer its capital. I entered into this idea, believing it the best and quickest way to accomplish rapid work in getting stock. I felt sure you would not care how soon I earned a handsome commission, only that results were secured.

Mr. Kinnear this a. m. told me he would go with me to the office of the Nova Scotia Mutual, and there the President J. B. Duffus, and myself could talk over the matter. Mr. Kinnear, Mr. Duffus, and one or two other gentlemen, thereupon expressed themselves favourably upon their transferring their business, capital, and all, over to the Royal Canadian, calling the one hundred thousand dollars cash paid up to be the 10 per cent call upon one million dollars subscribed stock. In subsequent conversation with Mr. Duffus, he stated that while the stockholders as a body had not been consulted, the principal ones felt there would be consent of the whole, providing a reasonable bonus, they stated twenty-five per cent of the entire capital handed over) were allowed for the goodwill of their business, also, that no marine business be transacted for the present.

Their business is supposed to be healthy, for the shareholders are themselves the heaviest insurers, only one loss has taken place since commencing. After paying a liberal dividend they show a handsome surplus, notwithstanding the large risk of over one and a half million of dollars.

I have no doubt in my own mind about the rare opportunity which presents itself through my efforts in this instance. In one transaction the Royal