

in this inquiry, shows that between July 14th, and October 2nd, 1924, the law firm, of which Senator Haydon is a member, had several consultations with Senator McDougald and Mr. Henry, and attended the Department of Railways and Canals and other Departments of the Government at Ottawa in reference to the matter of exporting power, and also had conferences with representatives of the United States on the subject.

(4) That the evidence of Mr. Henry before this Committee establishes the fact that he from time to time between 1924 and 1928 informed Senator McDougald about the business of the Sterling Company, consulted with him frequently, and made decisions with Senator McDougald's knowledge.

(5) That Senator McDougald says in his evidence that after the report of the National Advisory Committee became known, Henry went to see him and wanted to know what was to be done about the Sterling Company.

(6) That at that time Henry was of the opinion that Sterling had as good a chance in regard to waterpower development as Beauharnois had.

(7) That Senator McDougald at that time was interested in the Beauharnois project as an owner of shares, that he told Henry that he was so interested; that he suggested to Henry that it would be good business to sell the Sterling Company to the Beauharnois Syndicate; and that he asked Henry to think the matter over and estimate a value for the Sterling Company.

SELLING STERLING TO BEAUHARNOIS.

58. (1) That after discussions between Senator McDougald and Mr. Henry they came to an understanding that \$50,000 would be a fair value to put upon the Sterling Industrial Corporation and its rights for the purpose of disposal to the Beauharnois Syndicate, but they further decided that the consideration mentioned would be translated into an exchange of shares. There were five shares in the Sterling Company and for those five shares they proposed to ask 2000 part interests, or units, in the Second Syndicate.