

Mr. RUEL: I do not remember the sinking fund being mentioned. It was a surprise to me. I had not read this letter for a long, long time, since I drafted it.

The WITNESS: My recollection of that was that in any arrangement which was made with respect to the property, other than if we took it over and paid for it ourselves, there was to be a sinking fund provided, which within a certain number of years, would amortize the capital invested.

By Sir Henry Drayton:

Q. You provide for annual payments? It is not a sinking fund at all. You provide for annual payments, and I think that is what you refer to. If you will look through it, you will find there is a minimum payment of \$25,000 per annum?—A. I think that is probably the explanation for that.

Q. Then, treating your hypothesis as correct, what was your understanding as to the number of years that was given to Aronovici to pay?—A. Those were details which were subsequently to be worked out.

Q. I would like you to point out in that document anything which reserves that. There is a document which purports to be complete?—A. It is complete, within the limitations of our ability to make it complete at the time it was signed. Necessarily in preparing any document of this sort of a transaction which we were anxious to put through as quickly as possible, lest the property get away from us, you touch upon some things, and you leave the details to be developed by the proper officers later on.

Q. Just direct your attention to what you did. I have given you the contract so you can see it. Just say what you did in connection with the payments?—A. To what payments do you refer?

Q. To the annual payments of not less than \$25,000 a year.—A. (Reading): "The principal payment: you were to pay \$25,000 per annum Canadian money on account of principal, provided that if and when the exchange between France and Canada was so improved that the franc came to par, that payments on account of principal, while the franc remains at par, should be double."

Q. That is the only thing I could find which would approximate talk of the sinking fund, and it would be improperly so named, as you will agree. If you can find anything else in that, I will be pleased to have you tell me?—A. I am afraid I do not understand what you are getting at.

Q. I am trying to find out what this document is. It is pretty hard to say. I cannot find anything there in regard to the sinking fund. I am asking you if you can. The question is perfectly plain.—A. As I explained before, this was a document in which Aronovici took over the property. It determines all the essential preliminary factors in that connection, and at that time there was a certain amount of doubt in our minds as to exactly what final disposition we were to make of the property. There were two or three things which could have been done, and which we ultimately did. We could have taken over the whole property ourselves.

Q. It is provided for in that scheme?—A. Yes, or we could form a syndicate and finance outside with the understanding that such part of the property as we desired should be reserved for our uses, and the rest should be rented or otherwise disposed of by the syndicate, and none of these details were determined, and necessarily, any preliminary document had to leave open entirely the consideration of further details.

Q. The document was drawn. It does not show all that you tell us. Let us stick to the document, which I suppose meant something; it ought to. There is a lot of money depending upon it. I will ask you this again—I have been unable to find the provision referred to in regard to the sinking fund. I cannot find them, can you?—A. No, they are not here for the reason I have given. It says, "For the sinking fund to be hereinafter provided."

[Sir Henry Thornton.]