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TWENTY-SEVENTH YEAR
LARGE CONTINGENT FUND
DEFENDED BY ACTUARY
IN SUN LIFE PROBE

Secretary T. B. MacAulay Strongly Opposed to Policyholders Voting—Fears Agents Will Control Proxies and Absentees Are at Disadvantage.

Montreal, Oct. 16.—(Special.)—At the afternoon session of the insurance commission the Sun Life, thru its secretary and actuary, T. B. MacAulay, rose up in defence of its habit of keeping a large contingent fund, or list of undeclared assets.

The Sun Life now has a contingent account of three millions, and this, the witness said, makes for the strength of the company. The question raised by Dominion Counsel Shepley was whether this was fair to the policyholders.

Commissioner Kent, in the course of the enquiry, asked witness if he was in favor of having the policyholders vote.

The reply was strongly negative. When the investigation was resumed in the morning, President Robertson MacAulay told the commissioners that prior to 1901 the company was in the habit of charging in a lump 50 per cent for expenses. It was found that the expenses did not amount to so much and this was rectified.

Writing Up Profits. At the afternoon session Mr. Shepley continued with the profit and loss on investment account. T. B. MacAulay was on the stand. In 1908 a sum of \$10,000 had been taken from profits on securities to lessen the apparent cost of some real estate investments, and large sums had also in that year been written off Detroit Telephone and Michigan Telephone when their properties were taken over by the Michigan State Telephone Co.

In 1904 a similar state of affairs existed. There was another \$10,000 on real estate profit and loss. Another item of debit was \$20,000 on interest on Ohio Street Railway bonds. The bonds had become worthless and the interest on them, which was never paid, was taken off profit on securities.

An item of \$17,000 for agents' advances, which were non-collectable, also figured, and witness, T. B. MacAulay, defended entering this because American companies did, and Commissioner Kent insisted that if agents were solvent advances should be repaid. Witness said that \$30,000 profit on Illinois traction bonds had been applied to wiping out these advances to agents.

In 1904 a share of the profits on investments was paid to shareholders, also arrangement had been altered previously. They were paid 5 per cent on profits for the last year. The company thought that 6 per cent on their investments was not enough for the shareholders.

In the year 1905 the writing down of bonds had been largely practised, and there were items of \$3000 for special expenses re securities, and \$1000 travelling expenses for selling securities. About \$55,000 had been wiped off for losses in securities. Mr. Shepley remarked this, but witness said these were not necessary losses. The company was doubtful about them and had money enough to put these securities out of assets in the meantime. He gave an instance the case of Ohio bonds, which are now worth \$675,000, also wiped off in 1904.

Undeclared Assets. There was a warm discussion between witness and Mr. Shepley as to the advisability of the company keeping such large amounts of its assets undeclared and without profit to policyholders. Witness said that the Sun Life had now \$3,000,000 of contingent account, an dit was each year accumulating.

Mr. Shepley noted that the growth of the contingent account was outstripping that of divisible profits, but Mr. MacAulay contended that there had never been complaint on this score from policyholders.

Commissioner Kent sprung a surprise on the witness by asking him of his usual questions: "Would you be in favor of giving policyholders votes in the company?"

Mr. MacAulay: "No, the shareholder is liable for more money, and it would not be fair to put policyholders on equal terms."

When policyholders vote by proxy their votes are controlled by agents and in that case the management cannot be ousted. If they vote by franchise all but those who live in the vicinity are deprived of the right by their distance from the place of meeting. The ideal management is when those in charge of the affairs of a company control enough of the stock that they cannot be easily ousted and yet not enough to make them infallible. Mr. Shepley asked whether it was the intention of the Sun Life to have the growth of contingent account outstrip that of divisible assets.

Mr. MacAulay said that the company wanted the contingent fund to be as large as possible, as it was the strength of the company, but he wanted the increase of divisible assets to go hand in hand with it.

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The Chronicle World

ELVE PAGES—WEDNESDAY MORNING OCTOBER 17 1906—TWELVE PAGES

DIRECTORS MUST DIRECT AND MAY BE PUNISHED SAYS CROWN ATTORNEY

Mr. Corley, Home To-Day, Will Be Prepared to Take Ontario Bank Affairs Under Consideration—Attorney-General's Department Also Issues Instructions For Inquiry—Shareholders Preparing to Enter Civil Actions—Meeting Will Be Called Soon—How Banking Act and Criminal Code Apply to the Present Situation.

The attorney-general's department have asked County Crown Attorney Drayton to take steps toward an enquiry into the affairs of the Ontario Bank.

There will be no hurried measures, but when sufficient facts are known the law will be invoked in whatever directions may seem warranted.

City Crown Attorney Corley is also willing to bestir himself. Interviewed by a World man at Sturgeon Falls last night, while homeward bound from a week's hunting excursion, Mr. Corley said:

"I do not know but that our office has orders to proceed in the matter before us. I have been away from postal or telegraph communication for a week, and I did not hear of the affair until last night, when I was assigned to learn of the position of such a trusted institution. Nothing will be done until I get home. I know nothing about the matter yet. Everything will be investigated in due time."

"Do you think the directors are to blame?" was asked.
"If the case is similar to the Nova Scotia case the directors must be punished. Directors must direct or act. Our court will handle the larger lights as well as the smaller ones. If this frenzied finance keeps up we must build larger jails."

A meeting of the Ontario cabinet was held yesterday afternoon, at which were present the Hon. Messrs. Whitney, Foy, Fyne, Matheson, Reame, Cochrane, Monteth and Hendrie. Besides routine business, the only topic which came up appeared to be the Ontario Bank disaster, but none of the

ministers would discuss the point, Premier Whitney, when asked concerning the matter, said:

"It has not escaped the attention of the government."

The attorney-general explicitly stated that he had nothing whatever to say about the Ontario Bank.

At the same time the impression prevailed at the parliament buildings that the government were prepared to take action just as soon as tangible grounds were afforded them.

The provincial treasurer, Hon. Mr. Matheson, said that the government deposit, amounting to about \$70,000, had been formally removed to the Bank of Montreal.

Shareholders Want to Know. Ex-Manager Charles McGill is assisting the officials in their investigation of the affairs of the bank. It is understood that he has turned over all his property to the bank, including his life insurance policies. The latter will insure to the benefit of the shareholders, and are not included in the transfer to the Bank of Montreal. Books and papers are being constantly referred to him for explanations, and in this way considerable more progress is being made with the enquiries than would otherwise be possible.

Mr. McGill is said to be left without means, although he received a salary of \$10,000 a year.

There is a general feeling among officials that the wreck may after all not be so complete as supposed. One of the directors has expressed a belief that the shareholders may, in the end, receive 70 cents on the dollar.

This has led some of the shareholders to ask why they were not given the opportunity to save their interests by reorganizing and strengthening the bank.

LOOKING FOR A WAY OUT.



TO THE PEOPLE OF CANADA.

In view of the frightful arraignment that was made in The World newspaper yesterday in regard to the political situation in this country, which in substance was to this effect:

First, that widespread corruption prevails in Canada, and that the money with which this corruption is carried on comes largely from the corporations in return for subsidies, concessions and franchises, and to promote legislation in their interest and to defeat any legislation that would be harmful to them;

Second, that members of parliament and ministers of the crown are serving the corporations instead of the people;

Third, that the lawyers of this country are nearly every one of them in the pay of the corporations, or in the service of the corporations, including members of the bar, who are also members of parliament;

Fourth, that the press of this country is largely owned by the corporations;

Fifth, that there is a disposition on the part of the two parties—and this is about the worst condition that could exist—to arrange with each other for a conspiracy of silence respecting the questionable deals that are lobbied thru parliament—for instance that the Bell Telephone Co. could go to the Laurier government and say, "We can assure you that if you do so and so, there will be little or no row raised by the other party as we have so-and-so and other directors on our company, or they are friendly to us," or something of the kind.

In view of these and other facts we say—and especially in view of the facts in connection with the salary grab and the pension grabs of a session or two ago—is it not the bounden duty of the people in every constituency in this country to call a mass meeting in that constituency, and to ask the members of parliament to explain themselves in regard to these things, and to say where they are in regard to public ownership, and to say where they are in regard to public rights as against corporation aggressions in this country, and to say where they are in regard to the holding of honest elections and the punishing of election crimes and other vital questions.

But away and above the infamous condition into which our public affairs have fallen, is this fact, that to-day not a public meeting is being held in this country from one end of it to the other by any public man or political party to explain things to the people. Who is the member of parliament to-day that dare call a public meeting and say where he is on these things? And if he does not call a meeting, let the people call a meeting and ask him to attend.

with the greatest consideration by the Canadian fishing patrol.

Some time ago the American state department considered favorably a plan of settling temporarily the vexed question of fishing rights on Lake Erie by placing a series of buoys in the middle of the lake to define international boundaries. The Canadian government cordially accepted this proposal, and Captain Chayer was instructed to place the buoys.

As it was apprehended that honest differences of opinion as to the location of the boundary line might arise from differences between the automatic logs of the American and Canadian patrol vessels, and the use of different charts, Captain Chayer was instructed to compare notes on these points with Captain Dunn of the patrol boat Vigilant. Under date of Oct. 12 he reports from Erie that he started from the port on the 8th inst. on the Morrill accompanied by Captain Dunn on the Vigilant to place the buoys.

He found that there could be no question of differences in charts because the Canadian vessel was using the American hydrographic charts, while their logs exactly corresponded and in the course of several days buoys were placed at intervals of five miles.

Then Captain Chayer adds that the American fishermen crossed the boundary for the reason that there are comparatively few fish south of the line and they are bound to follow the fish. He says that Captain Dunn, contrary to report, has been lenient towards these fishermen, always giving them the benefit of any doubt as to the matter, and for the past ten years he has observed the international boundary as indicated on United States charts. No Canadian fishermen poach on the American side of the line for the same reason; the fish are in Canadian waters.

Captain Chayer says these temporary buoys will be swept away by the ice next winter and should be replaced by permanent buoys lighted at night so as not to endanger navigation.

TOM LEWIS NOW IN JAIL ON CHARGE OF PERJURY

After Contradicting Score of Witnesses, Magistrate Orders Arrest As He Leaves Box—Denies That He Was Ever Guilty of Bribing.

"Tom" Lewis, erstwhile proprietor of the Normandy Hotel, London, and, by the statements of a number of witnesses, an active participant in the wholesale bribery of voters, was placed under arrest on a charge of perjury at the conclusion of evidence given by him in the witness box yesterday afternoon. Mr. Robinette used vigorous arguments in an attempt to induce Magistrate Denison to allow the prisoner to be released on bail, but the magistrate declined to do so, pending instructions from the crown to this effect. Mr. DuVernet was unable to get into communication with Hon. Mr. Foy last night, and Lewis remains in custody for the present.

Mr. Robinette is confident that the prisoner will be permitted his freedom this morning. As to the providing of bail, he says that there would be no difficulty whatever on that score, and that a \$10,000 bond could be deposited if necessary. He declined to say who the prospective bondsmen were. He believed that Mr. DuVernet would be agreeable to allowing the release. The latter states, however, that he will make no recommendation in the matter.

"I will lay the facts before the attorney-general's department in the morning, and the department can take its own course," he said last night. The information sworn out against Lewis charges that he unlawfully did, being a witness in a judicial proceeding, namely, a charge of conspiracy against John O'Gorman and others, being investigated before the said George Taylor or Denison in open court, make assertions as to matters of fact and knowledge as part of his evidence upon oath; such assertions being known to such witness to be false and being intended by him to mislead the said magistrate holding the said proceeding.

The remainder of the day was taken up with listening to the individual experiences of a fresh batch of London voters, several of whom connected Lewis with the arrangements for payment.

The crown was very anxious to get a line on the whereabouts of Sifton, of the oft-mentioned, and will try to have him appear on Monday. Mr. Cory and Higerty, the customs broker of Ottawa, who is supposed to have received \$20,000 of the dollars in London from Contractor White during the campaign, is expected to be on hand, with other witnesses from Ottawa. Upon the nature of their testimony.

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Yankee Fishermen Wrong Poach on Canadian Side

Captain Chayer of U.S. Revenue Cutter Reports to His Government That Transgressors Have Been Considerately Treated.

Washington, Oct. 16.—The controversy which has been waged between the American and Canadian lake fishermen for the past twenty years has been placed in a different light by a report made to the state department by Capt. E. C. Chayer, commanding the United States revenue cutter Morrill on the great lakes.

The report shows that the American fishermen have been transgressors, and that they have been treated with the greatest consideration by the Canadian fishing patrol.

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NATIONAL SPIRIT DECIDES CANADA'S FISCAL POLICY LABOR I.P. WRITES

If There is a Change, It Will Not Be for Imperial Sentiment, But Because Free Trade Will Pay Best—Chamberlain's Speech a Joke.

(Canadian Associated Press Cable.) London, Oct. 16.—J. Ramsay MacDonald, Labor M.P., in The Chronicle discusses Canada and the preference. He says the national spirit is the axiom which determines the fiscal policy of Canada. It is Canada first, and let no one mistake it.

The Dominion read Mr. Chamberlain's first fiscal speech, forecasting free trade within the empire, with a wild shriek of laughter. In working out what she conceives to be her industrial destiny, Canada is much more conscious that she has the United States as a neighbor than the United Kingdom as a mother.

In industrial Ontario the feeling regarding the States is one bordering on fright. At Winnipeg there is a more bracing fiscal atmosphere. The west would stand free trade to-morrow, tho an election time it accepts the inevitable.

Mr. MacDonald strongly criticizes the Manufacturers' Association, declaring that whilst it is pulling wires at Ottawa to get Laurier to increase the duties against the United Kingdom it has clamored in England for special preference for Canada. Until free trade workmen and farmers combine the association will continue to exercise undue influence on the tariff policy. The chief result of this policy is only too evident.

Canada is rapidly becoming the dearest country in the world to live in, and by and by only millionaires will be able to settle in the Dominion. If there is any change in her policy it will not be for imperial sentiment, but because free trade will pay her best. Imperial sentiment she has, but as one of her most trusted ministers said to him: "Don't try and exploit it, let it alone; it may be capricious." That sentiment and desire on the part of the government to play the popular part gave the United Kingdom a preference, but Canada has no intention of allowing that preference to thwart her industrial development.

PRIEST RETURNS JEWELRY.

Theft, Conscience Stricken, Takes Valuables to Confessional.
Detroit, Oct. 16.—Last Tuesday some one stole jewelry to the value of \$250 from the house of ex-Ald. Stenowy.

This morning all of the jewelry was returned to Stenowy thru Rev. Father Zell of St. Mary's Church. A man had come to the confessional conscience-stricken and had asked how he might atone for his theft. The priest told him the property must be returned, and the man did so.

WILL SECEDE.

West Australia Assembly Adopts Resolution by 19 to 8.
Perth, Australia, Oct. 16.—The legislative assembly to-day, by a vote of 19 to 8, adopted a motion that the State of Western Australia secede from the rest of the Commonwealth.

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2 p.m.	67	29.61	S.W.
4 p.m.	69	29.6	S.W.
8 p.m.	69	29.58	S.W.
10 p.m.	68	29.59	S.W.

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TO-DAY IN TORONTO.

Oct. 17.
Prize day at Upper Canada College.
Zonana Mission meeting, residence of Mrs. Kemp, Rosedale 2.
Mystic Shriners' banquet, Exhibition grounds.
Stationary engineers' banquet, Exhibition grounds.
O. O. B. parade, arteries 8.
Princess-Cool, Newcome, 8.15.
Grand-Avalanche-Parade, 2.15-8.15.
Majestic-Secrets of the Police, 2.15-8.15.
Rheas-Vanderulle, 2.15-8.15.
Star-Burlesque, 2.15-8.15.

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