

THE PERVERSION OF THE UNION TRUST

"Where there's a will there's a way." A way was soon found of evading the insurance laws and leaving the money of the wives and children of the Foresters in the hands of the speculators.

The way this was accomplished was simple enough. A Trust Company was organized to handle the Foresters' funds for them. The plotters secured control of the Trust Company, and thus had the funds in their own hands.

In January, 1900, the Executive Council of the Foresters decided to purchase a "controlling interest in the Provincial Trust Company of Ontario, by the "purchase of its stock from time to time." The Provincial Trust Company was a small concern, whose paid-up capital was only \$113,700, and whose assets were worth only 65 cents on the dollar of this. This resolution, as the Commission says, was "the only direct sanction preceding what became ultimately an investment in capital stock alone of no less than \$2,745,600 of the funds of the "Order."

Mr. William Laidlaw, K.C., was employed to purchase this stock, and Mr. Matthew Wilson, K.C., was authorized by the Provincial Trust to sell it. These appear to have been the legal gentlemen who engineered the details of changing the Trust Company of the Foresters into a banking concern for the speculators.

They changed the plan of the Executive Council into a scheme whereby the Foresters should buy all the stock of the Provincial Trust Company. They changed it into a scheme of building a new company on the ruins of the old, with a capital stock of \$1,000,000. Then they increased the capital stock to \$2,000,000. This stock, with the exception of forty shares, was all sold to the Foresters. \$110 being charged for each \$100 share. Forty shares were sold to certain gentlemen, who became directors of the Company, and who presumably bought the stock to qualify themselves for the position.

Thus in the beginning of things, the Foresters were robbed of \$249,600, the \$10 bonus per share paid for stock of a Company which had never as yet earned a dollar.

But while in theory the Union Trust Company was a separate and independent Company from the Foresters Society, it is seen how thoroughly one was the mere creature of the other when we remember that of the \$2,000,000 capital stock in the Trust Company, the Foresters held \$1,996,000; in other words, out of every \$500 of capital stock in that Company, some individual held \$1 and the Foresters \$499.

The practical result of this was to place \$2,745,600 of Forester money in the hands of the Union Trust Company. More than this, such assets of the old Provincial Trust Company as were considered bad or doubtful were unloaded on to the Foresters by the management of the Union Trust.

How was it intended to use this money? The Commissioners say, "It is "not to be supposed that the promoters of this investment were indifferent to the "fact that the capital funds embarked were not any longer confined to the classes "of investment permitted by the Insurance Act." As the money of the Trust "Company they were supposed to be enfranchised and available for any scheme "however foreign to the trust upon which they were held." "In the development "of this enterprise, private advantages were regarded, and those of the Order "disregarded." "Mr. Wilson, in these negotiations as in later cases, was paid "by both sides."

Whatever was the intention of the Executive Council of the Foresters, the Commissioners declare, "It appears impossible to attribute the scheme in its development to any such idea as that of an investment agency for the Order. "The purpose then was undoubtedly to embark in speculative transactions."

Hon. Geo. E. Foster, ex-Minister of Finance, and at present chief opposition lieutenant in the House of Commons, was engaged as general manager. In a