

APPENDIX No. 5

the intention, after reserving such space as was necessary for the Canadian National Railways, to sell or lease the balance.

(3) The possession of suitable and commodious offices in London furnished adequate precedent for the acquisition of similar quarters in Paris, and, furthermore, the experience and policy of other large railway and business institutions confirmed this opinion, for it is to be remembered that many of these institutions have offices not only in London and Paris, but also in other less important capitals of Europe.

(4) In view of the fact that it was, and is, the intention of the Canadian National Railway System to enter aggressively the European field for freight, passenger and express traffic, as well as for the purposes of emigration, it is essential that whatever quarters are secured should be second to none, and the site selected represents beyond any question the most important and satisfactory location which could be obtained.

(5) It was the intention that ultimately the various departments of the Government now maintaining offices in Paris might be assembled under one roof, together with any other Canadian institutions which might desire suitable quarters, thereby establishing a Canadian centre in the best business part of Paris which would not only be of advantage to the Dominion as a whole but lend still further prestige to the national railway system.

With the above objects in view the Hon. Philippe Roy, the Commissioner General of the Dominion Government in Paris, was communicated with, to determine whether, if such quarters were provided, he could endorse the policy upon which the matter was proceeding and would remove his offices to any site which might be obtained provided location and rentals were satisfactory to the Government and himself. The Commissioner expressed his approval of what was contemplated, and subsequently Mr. Arnold Aronovici, a resident of Paris, proposed to the Commissioner the acquisition of the Rue Scribe property. The president of the Canadian National Railways has no recollection of having initiated the matter with Mr. Aronovici although, from his previous acquaintance with him, there were no objections whatever to his intervention in the matter. Mr. Aronovici is a Roumanian by birth, with a wide business experience on the continent of Europe. For fifteen years or so he had been in business in Paris, and during the latter stages of the war, in anticipation of a more aggressive continental policy, he had been appointed General Continental Agent of the Great Eastern Railway of England by and with the approval of the directors of that company. He was acting in this capacity when negotiations for the Paris property were commenced with him. After considerable investigation he succeeded in securing an option on the Hotel Scribe property for 32,000,000 francs, and about the 1st of April, 1923, he came to Montreal to discuss the proposal.

Other opinions from responsible sources indicated that the price was fair and, as information was received that at least two other important companies were considering the site, Mr. Aronovici was instructed to at once close on his option.

In this procedure counsel advised that there were no legal obstacles to prevent the consummation of the purchase. It was the intention at that time that the property should not be purchased outright by the Canadian National Railway System but resold or financed through some outside agency or syndicate with which satisfactory terms might be arranged, leaving the company in possession, at a reasonable rental, of that part of the property which was desired for railway purposes. Reasonable assurances from responsible people were given that there would be no insuperable difficulties in working out such an arrangement. In order to permit freedom of action, it was decided that the title to the property should be taken in Mr. Aronovici's name, the railway to finance him through the Bank of Toronto so that he could make the purchase. This was done and a mortgage taken for the protection of the company on the property and also Mr. Aronovici's note for the whole of the purchase price.

[Sir Henry Thornton.]