

PROCEEDINGS  
OF THE  
**ROYAL COMMISSION**  
OF  
ENQUIRY IN THE MATTER  
OF THE  
**FARMERS' BANK OF CANADA**

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OTTAWA:

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EXCELLENT MAJESTY.

1913.

**Alphabetical Index of Witnesses and the pages containing their evidence, at the  
thirty Sittings of the Royal Commission in the matter of  
the Farmers' Bank of Canada.**

NAME	PAGE	NAME	PAGE
Ahearn, William.....	445	Guthrie, George.....	546
Bastedo, G. T.....	314	"    See also P.....	589
Beattie, Thomas.....	9	Guthrie, Norman G.....	29
Boville, T. C.....	12	Haverson, James P.....	590
"    See also P. P.....	46, 680	Henderson, David.....	3
Braithwaite, A. D.....	52	Hobberlin, Edward A.....	670
Brodeur, Hon. L. P.....	41	Holland, Fred. M.....	300
Burk, Victor.....	297	Howard, Horace A.....	295
Burn, George.....	45	Hunter, Wm. H.....	107
Burns, Robert.....	589	"    See also P. P.....	111, 228, 639
Calvert, W. S.....	34	Ivey, John D.....	59
"    See also P. P.....	567, 675	Killoran, Benj. George.....	592
Carmichael, Frederick.....	314	Knight, John.....	42
Cartwright, Sir Richard.....	38	Lindsay, Wm. J.....	129
Clarkson, F. A.....	98	"    See also P. P. 147, 212, 244, 432, 643	
"    See also P.....	100	Linton, Arthur J.....	517
Clarkson, F. C.....	212	Lown, Alex. S.....	60
"    See also P.....	713	"    See also P. P. 75, 232, 443, 642, 702, 711.	
Clarkson, G. T.....	247	Lyon, Thomas F.....	601
"    See also P. P. 261, 263, 266, 328, 339, 346, 347, 367, 382, 419, 455, 527, 536, 547, 588, 595, 599, 690, 701, 711.		Mackie, Alex. G.....	668
Corby, J. S.....	570	Maccollum, Donald C.....	445
"    See also P. P.....	627, 658, 667	Maclean, W. F.....	449
Crompton, Frederick.....	440	"    See also P. P.....	454, 533
Dennison, G. T.....	653	Macquorquodale, Duncan S.....	302
Devean, Nathan.....	366	Matheson, Hon. A. J.....	426
Duncan, Walter.....	59	McCarthy, Leighton.....	54
"    See also P. P.....	537, 609	McKay, Alex. G.....	58
Ferguson, John.....	76	Mitchell, Wm. G.....	152
"    See also P. P. 102, 436, 705, 714		Monahan, T. Louis.....	591
Fielding, Hon. W. S.....	456	Morden, Wilson F.....	291
"    See also P.....	482	Morrison, Curran.....	655
Fisher, Hon. Sydney.....	10	Mulligan, Geo. Edward.....	673
Fitzgibbon, J. G.....	55	Nesbitt, Dr. Wm. Beattie.....	548
"    See also P. P. 91, 241, 265, 312, 316, 648, 693, 701.		"    See also P. P.....	572, 645
Fraser, Alexander.....	83	O'Brien, John.....	678
"    See also P. P.....	91, 707, 714	Osler, Sir Edmund.....	51
Gilchrist, John.....	439	Owens, Edwd. W. J.....	319
Goss, Harry.....	534	Renshaw, Henry A. S.....	299
Greenwood, Wm. H.....	424	Robidoux, Narcisse.....	8
"    See also P. P.....	428, 530	Rogers, Joseph E.....	656
		Ross, Mr.....	481

MR. COMMISSIONER: You desire to represent them here?

MR. LAIDLAW: Yes.

MR. COMMISSIONER: How does the date Mr. Hodgins suggest suit you?

MR. LAIDLAW: Excellently well; I entirely agree with the suggestion made by Mr. Hodgins.

MR. W. C. MIKEL: I represent depositors. That date seems to be satisfactory.

MR. JAMES BAIN: I am here representing the liquidator.

MR. COMMISSIONER: What status has he?

MR. BAIN: Except possibly he will offer any assistance he possibly can.

MR. D. I. GRANT: I am representing a number of persons who have been served as directors and have been directors at one time and merely to watch proceedings. I do not know that we are interested particularly at this stage.

MR. COMMISSIONER: I suppose these delayed gentlemen will be informed of what has been done.

MR. LAIDLAW: They will come to the office and I will give them the information.

MR. COMMISSIONER: I think that is all we can do now.

MR. HODGINS: I think, Mr. Commissioner, for the information of some members of the profession who have spoken to me who represent people that they think may be affected in some way by these proceedings, that I see no objection for them coming in at any time when they think they are being affected and appearing; that it is not necessary for them to appear here to-day, that the idea to-day is only to ascertain who want to attend at their own expense during the whole inquiry.

MR. COMMISSIONER: I suppose there are no other questions that arise just now. How far these gentlemen who represent persons interested in the inquiry will be allowed to intervene can be disposed of later on as the occasion arises. I suppose that is satisfactory.

MR. LAIDLAW: Quite satisfactory. I may say, Mr. Commissioner, that I do not think from the experience I have had in this matter there will be anything in controversy; the relevant and material facts are almost all in documentary evidence. There are two or three witnesses whom the parties would like to be examined, and I will give their names so that necessary notices can go to them.

MR. HODGINS: I will be very glad if any gentlemen who have information will communicate it to me, and I will be glad to consider it and if necessary bring it before the Commissioner.

MR. LAIDLAW: I will give you a very full brief. (At this point Mr. H. H. Dewart, K.C., came in.)

MR. COMMISSIONER: Do you represent anybody, Mr. Dewart?

MR. DEWART: I was going to say, Mr. Commissioner, I am perhaps holding a watching brief at present.

The Commission adjourned to meet in Ottawa at 11 A.M. Wednesday, March the 13th, 1912.

Ottawa, March 13th, 1912.

The Commission resumed its sittings in the Court House, Ottawa, March 13th, 1913, at 11 A.M.

PRESENT:

THE COMMISSIONER, HONOURABLE SIR WILLIAM MEREDITH.

FRANK E. HODGINS, K.C., and J. THOMPSON, K.C., representing the Dominion Government.

WILLIAM LAIDLAW, K.C., representing the shareholders.

W. C. MIKEL, K.C. and I. E. WELDON, representing the depositors.

## SESSIONAL PAPER No. 153a

Mr. HODGINS: The matters that I think can possibly be gone into here are in the first place, the incorporation by Act of Parliament of the Farmers Bank of Canada and the organization thereof, and application for and the giving by the Treasury Board of the certificate permitting the bank to issue notes and commence the business of banking, and possibly some evidence may be given as to the conduct and operation of the business of the bank so far as it came under the purview of the Department, and as to whether they affected the cause of suspension and failure is a matter that will be developed later. I therefore propose to take up in the first place the incorporation of the bank, which is largely formal.

Mr. COMMISSIONER: What was it incorporated by?

Mr. HODGINS: By an Act of Parliament of Canada, 4 Edward VII, Chapter 77, on the 18th July, 1904. That named the provisional directors: Mr. James Gallagher who has since died; John Watson of Listowel; John Ferguson of Toronto; Alexander Fraser of Toronto, and A. S. Lown. That provided that subject to the provisions of section 16 of the Bank Act it was to remain in force until the 1st July, 1911. I have some doubts as to whether that is the right date.

Mr. LAIDLAW: It means the Bank Act continued till 1911.

Mr. HODGINS: Then 4 and 5 Edward VII, Chapter 92, assented to on the 20th July, 1905, extended the time for the issue by the Treasury Board of the certificate to within two years after the 18th July, 1904, that is two years after its original incorporation, and if it did not get the certificate within that time the Act of Incorporation practically ceased. Then comes the last Statute, 6 Edward VII chapter 94. The passing of that is not given. That recites that the provisional directors of the Farmers Bank have by their petition prayed that it be enacted as hereinafter set forth. Then section 1 provides that notwithstanding anything in the Bank Act or the Statute of 1904 or 1905 the Treasury Board may within six months after the 18th July, 1906, give the said bank the certificate required by section 14 and in the event of not getting the incorporation by that date the rights and privileges by the Act of Incorporation should cease. I have Mr. Robideau here to produce papers connected with those incorporations.

Mr. COMMISSIONER: Were they Acts?

Mr. HODGINS: Yes, particularly with regard to 6 Edw. VII. I want to see the petition, because it is said at that time or shortly afterwards they transferred everything to Mr. Travers.

Mr. COMMISSIONER: Mr. Henderson told me last night that he had been subpoenaed and his Parliamentary duties make it difficult for him to be here. He would like to be examined as early as possible. I told him you would no doubt facilitate that.

Mr. HODGINS: Yes, I will do that. His evidence is confined to one branch of the case, and if you would like it taken now I can take it.

Mr. COMMISSIONER: Very well, now.

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DAVID HENDERSON, sworn, examined by—

Mr. HODGINS: You are a Member of Parliament?

A. Yes, sir.

Q. And you were a Member of Parliament in 1906?

A. Yes.

Q. Representing the County of Halton.

A. Yes, sir.

Q. You became somewhat interested, I understand, in some matters connected with the organization of the Farmers Bank; I mean, interested to the extent of hearing and knowing about them?

- A. Yes, I was present; do you mean the granting of the charter?
- Q. About that time?
- A. Yes, I was familiar with it from its inception.
- Q. You never were financially interested one way or the other?
- A. No, in no way; not personally.
- Q. Your interest was in what sense?
- A. Simply that I represented a county in which a very large amount of money had been subscribed in stock, and in that way I felt interested for the people I represented.
- Q. This being called the Farmers Bank?
- A. Well, it was so called, though practically it was not organized by farmers.
- Q. Were you a member of the Banking Committee of the House of Commons?
- A. Yes, sir.
- Q. Do you remember the fact that an application for extension was made on two occasions, in 1905 and 1906?
- A. There were two occasions at any rate, if not three; two occasions; perhaps the first one would allow a year to apply for a certificate, and there would be two applications after that.
- Q. The last application that I know of is contained in the Statute, 1906, which gave six months?
- A. Yes.
- Q. Do you remember that coming up in the Banking Committee?
- A. Yes, it was limited to six months.
- Q. Do you remember why?
- A. Why it was limited?
- Q. Yes?
- A. We had in the Banking and Commerce Committee hesitated a good deal about extending the time; the Finance Minister objected very much, and I confess I concurred with him, usually supported him in that; and on the second occasion when they came back, we simply gave them six months, thinking as they had had two years it was not well to keep the matter dangling before the people longer, and the time was limited because we thought they should have been more active.
- Q. Was anything known as to who was interested in the bank at that time?
- A. Well, I knew nothing about it, I think, beyond the names of the provisional directors as published.
- Q. Did any one appear before the Committee in order to urge this extension?
- A. Now, I am not sure, I do not recall.
- Q. Do you know who suggested limiting the time to six months?
- A. I could not speak at this date; it may have been Mr. Fielding, or perhaps myself. I had adopted a policy of that kind—we had—the Committee had—adopted a policy of that kind, I think, with some previous charter.
- Q. Was any inquiry made into the particular circumstances of the difficulty these people had in organizing?
- A. I am not aware that there was any particular inquiry, the simple fact they had not succeeded in getting all the money; they asked for more time.
- Q. They had six months, from the 18th July, 1906; probably about six months from the date it came up?
- A. It was six months from the expiry of the previous year.
- Q. After that, did you take any steps in connection with the organization of the Farmers Bank or with reference to it?
- A. No, I think I could say none whatever.
- Q. That is, you had nothing to do with the matter from that time.
- A. No.
- Q. Did you make any communication at all at any time to the Finance Department with reference to it or to any one connected with the Finance Depart-

## SESSIONAL PAPER No. 153a

ment? A. I had a conversation with the Hon. Mr. Fielding with reference to their mode of raising money.

Q. Had you known about that yourself? A. I incidentally learned it a few days before I went to him; that they were discounting the notes which had been taken from shareholders.

Q. They were discounting the notes; did you know anything more than that? A. I was shown several notes made by shareholders, farmers in my county, and I saw on the back of these notes the endorsement of the provisional directors.

Q. That would be several names, would it? A. Yes, there were several names.

Q. How did you see those? A. A few days before the House met; the House met that year, I think, on the 22nd of November—a day or two days before I had occasion to go to Milton, from where I lived in the village of Acton, and on my way I met the solicitor of a number of farmers who had contested their liability to pay their stock, feeling that something was wrong.

Q. Who was the solicitor you met? A. Mr. Laidlaw.

Q. Where were you going from when you met him? A. I was going from home, from the village of Acton, by way of Georgetown to Milton.

Q. By rail? A. Yes.

Q. Did you meet him? A. Just met him casually in the car.

Q. Had he the notes? A. Yes, he showed them to me.

Q. That would fix the time at which you acquired your first knowledge?

MR. COMMISSIONER: He has not mentioned the year yet.

MR. HODGINS: Can you fix the date at all to that? A. I can fix it by reference to other matters, I said the House met that year on the 22nd November.

Q. What year was it? A. 1906; the House met that year on the 22nd November, and it would be a short time before that, perhaps not more than a few days.

Q. What communication did you make then, and to whom, in consequence of what you saw and heard from Mr. Laidlaw? A. I casually met Mr. Fielding and informed him that I had seen notes of shareholders in the possession of Mr. Laidlaw, endorsed by provisional directors, and presumably it was for the purpose of raising money to make the deposits, as the time had nearly expired. Our conversation lasted only for a few minutes and was along that line.

Q. Can you give us in any more detail what was said by you and by him, or is that what you have told us the general tenor of it? A. By Mr. Fielding?

Q. Yes? A. I mentioned the circumstance which I have detailed to you, and Mr. Fielding, I think, seemed somewhat surprised; at any rate, he answered me by saying that he would hold back the certificate as long as he could.

Q. Would you look at this note, which I find in the Department's file, just for the purpose of seeing whether you can state what endorsements were on the notes you saw? A. I could not state what endorsements were on the notes, but I remember there were several; that was the impression I had, although I had not seen the notes for five years; that is the impression I had, a series of endorsements like that.

Q. You could not recognize and give the names of the men? A. No, I could not say who were the provisional directors at that time.

Q. You had no further conversation with Mr. Fielding at that time? A. No, I have given you just the conversation we had; I don't think it lasted more than two or three minutes at the outside.

Q. How soon after your coming down to Ottawa was that? A. I would assume, I have no absolute data, but I would assume it would be within three or four days at the furthest, within a few days; I may mention this as fixed in my memory, I knew it was before the granting of the certificate, because Mr. Fielding told me he would hold it back as long as he could, and it was after the House met;

the House met on the 22nd, the certificate was granted about the 30th, so it was between the 22nd and the 30th; I would suppose I went to Mr. Fielding possibly within a day or two at the outside after I came down.

Q. Were you communicated with either by Mr. Fielding or any one at the Finance Department between the date of that conversation and the 30th when the certificate was issued? A. No, sir.

Q. Were you in attendance in Parliament during that time? A. I was in attendance all the time, but after the certificate was granted I was communicated with but not before.

Q. How soon after the certificate was granted can you say did you have any communication? A. I met Mr. Fielding in the lobby of the House of Commons, he was either going in and I was going out, or I was going in and he was going out, I don't remember which, but I remember very well it was in the lobby of the House of Commons and Mr. Fielding approached me himself and he said to me that Mr. Travers had been down; that was the communication he made to me.

Q. What occurred then, what further was said? A. He stated that Mr. Travers had been down and he had brought his money; that he had asked him, that he had put it up to him—he did not say definitely what he had put up to him; he left me to assume on account of our conversation within a few days before that it was what I had told him—and that Mr. Travers had denied it, and he asked him to give him a letter to that effect and he said he did so; and he says, "I then gave him the certificate."

Q. You have known Mr. Fielding for a long time? A. I have known him for over 15 years.

Q. Were you and he friendly? A. Very friendly.

Q. After that had you any conversation with Mr. Fielding in connection with another aspect of the Farmers Bank? A. Not for about two years after that; I met Mr. Fielding again and he spoke to me. I assumed he had done so, because I had impressed upon him in the first visit the reason why I felt so anxious about the Farmers Bank, the large amount of stock subscribed in the county, and Mr. Fielding I should say about two years after my first interview met me just casually and mentioned the fact that he had learned that the bank was peddling around a deposit receipt of \$150,000 in New York and failed to get a purchaser and he thought it looked very bad for the bank.

Q. Was there any reference to any other transaction? A. No reference whatever in none of these conversations.

Q. I say to any other transaction than the \$150,000? A. Not at that time. We had a conversation the latter part of 1910 before I left to go home after the prorogation.

Q. What was the date of the \$150,000 deposit conversation? A. My own impression is, and it is only an impression, that it would be about two years after the first interview. The bank had been running for some time.

Q. Did you ever hear of any transaction in connection with the City of Syracuse or an institution there? A. Yes.

Q. Was that on the same occasion or on a later occasion? A. That was on a later occasion.

Q. In 1910? A. Yes. On that occasion I went to Mr. Fielding's room in the House of Commons, to his office, to see him personally. I had information that there was something of a very peculiar character which seemed to me would materially affect the bank's interests, and its standing, and I felt, as I said before, very naturally worried and anxious about it and I called on Mr. Fielding and told him what I had learned. He was familiar with the facts himself, as much so as I was, and after chatting a few moments about it he turned to me and said, "Well Henderson I don't know why you should worry over this; you are not responsible for it and besides you did warn the Government."

## SESSIONAL PAPER No. 153a

Q. I just want to identify the transaction you and he were discussing then; where did it take place? A. You mean the later conversation?

Q. Yes? A. I called at his office and informed him—the fact of it was I had some clippings from newspapers giving an account of this transaction.

Q. Where did that take place? A. This conversation?

Q. No, this transaction, was it in the head office? A. I assumed it had taken place in Syracuse.

Q. Do you remember any of the names connected with it; I want to identify your conversation with the transaction which we may give in evidence later on? A. I am not sure that I can; I am under the impression strongly that Mr. Travers name was connected with it.

Q. Was it in connection with an insurance company in the United States?

A. Yes, Syracuse was where—

Q. Would you recognize the name Tevis or Hunt? A. I think the name Tevis would be mentioned in these newspaper clippings.

Q. One of my learned friends wishes me to ask you whether on the very first occasion of all when you spoke to Mr. Fielding before the granting of the certificate, you communicated any of your reasons to him beyond what you have told me? A. I think I have told you all the reasons that I had for making the inquiry. It was the fact that a very large amount of money had been subscribed in the County and a great many people whom I know who were living in the County were deeply interested. That was the nature of the reasons why I brought the matter to his attention.

MR. COMMISSIONER: Why did not you put in writing your warning? A. Well, we do not always put everything in writing that we say to a Minister. Sometimes it is safer not to put it in writing; that is my experience. It did not occur to me at the moment to put it in writing, besides I think I simply met him casually; sometimes these things are given out to the public, but into other hands sometimes to the detriment of the Member of Parliament. They might say it was undue interference on my part. However, my own impression is I met Mr. Fielding casually, this matter was in my mind, and I just simply mentioned the matter to him, told him what I knew about it. Of course being Finance Minister I did not require to put it in the shape of a warning, because he knew the effect of a thing of that kind. It did not occur to me at the moment the necessity of putting it in writing; I thought that he was the man that if he had the knowledge that that would possibly be as far as it would be necessary for me to go, he having control practically of the issue of this certificate, and being the chief member of the Treasury Board.

MR. COMMISSIONER: What did you expect Mr. Fielding could have done at the time you had these later conversations with him? A. I did not really expect anything; I thought the whole fat was in the fire, if I may so use the expression. Mr. Fielding approached me himself on the second occasion and told me that Mr. Travers had been down with his money and how he had asked him for a letter after receiving his denial and that he had given him the certificate. On the third occasion Mr. Fielding also approached me and spoke of the matter himself. It was only on the first and last occasions that I went to Mr. Fielding. On the latter occasion I went to Mr. Fielding to express to get his views perhaps or to make him aware of what I had been made aware of myself, and I found he had more knowledge, as much knowledge at any rate as I had; so that I did not expect to accomplish anything in these interviews.

MR. COMMISSIONER: You say that Mr. Fielding said that he would hold back the certificate as long as he could? A. Yes, your Lordship.

Q. What does that mean, did you not make any inquiry as to what he meant by that? A. No, I did not because I thought I understood what he meant by it. He had the power within his hand to hold back the certificate unless everything was satisfactory, and I simply accepted that answer knowing the official position



which he held as the Chairman of the Board, and did not ask him for any explanation of what he meant by those words.

Q. You say that upon the last occasion he told you not to worry, that you had warned the government; did you not say anything upon that? A. I do not recall anything further that I said. He acknowledged that I had done my part, that I had warned the government and said that I should not worry. I saw nothing more that I could accomplish and I am not aware that I made really any reply to that. I would simply say that our interviews were all extremely brief. You know how it is interviewing a Minister sometimes. You have to be very careful and not monopolize his time too much.

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MR. HODGINS: I would like to call Mr. Laidlaw just for the purpose of fixing the date of that interview between himself and Mr. Henderson.

MR. COMMISSIONER: Is not that fixed with sufficient particularity now without calling one of the counsel? He fixes it within two or three days.

MR. HODGINS: Very well, then.

---

NARCISSE ROBIDEAU, called on subpoena.

MR. HODGINS: Q. I just want to know whether you have the papers of the incorporation of the Farmers Bank? A. All I have are the minute books and an extract from the minutes.

Q. What are those minutes? A. The minutes show what was done with the Bill in the committee room.

Q. Are you speaking of the minutes of the Banking and Commerce Committee?

MR. COMMISSIONER: What is Mr. Robideau's official position? A. Clerk of the Banking and Commerce Committee.

MR. HODGINS: All you brought with you this morning are the minutes? A. The minute books.

Q. Is there any minute kept of the last statute 6 Edward VII, chapter 94, the extension for six months? A. Yes. (Indicates.)

MR. COMMISSIONER: Who was Chairman of that committee? A. Mr. H. H. Miller was the Chairman.

MR. HODGINS: I think this memorandum might go in; it is just an extract from the minutes of the Committee. There is no matter about the first two. The last is dated the 11th of May, 1906;

"The preamble was read and adopted after Mr. Urquhart, of Toronto, had been heard thereon.

"Section 1 was amended by substituting 'six months' for one year on line 5."  
—Extract from minutes of Banking and Commerce Committee, filed as EXHIBIT 1.

MR. HODGINS: Will you tell me if there was a petition presented before that last Act of 1906? The Act itself says that the provisional directors by their petition have prayed that it be enacted. A. There must have been a petition.

Q. Who will have that petition? A. It would be in the custody of Mr. Colwell, the keeper of the records.

Q. Could you get it?

MR. COMMISSIONER: Get a certified copy.

MR. HODGINS: A certified copy could be got of that? A. Yes.

## SESSIONAL PAPER No. 153a

Q. Would that be the only paper that would come before the Committee other than the formal paper of advertising and so on. A. Yes, the notice of application would come before the Standing Orders Committee.

Q. Is it usual to have the petition sworn to? A. No.

Q. Just a petition signed? A. Yes.

---

THOMAS BEATTIE, sworn, examined by—

MR. HODGINS: You are a Member of Parliament? A. Yes.

Q. For London, Ontario? A. Yes.

Q. And were you a Member of Parliament in 1906? A. I think I was, I am not very certain.

Q. Were you a Member of Parliament in 1904 and 1905 as well? A. No, I don't think I was.

Q. You were at that time President of the London City Gas Company? A. Yes.

Q. And Director of the Agricultural Savings and Loan Company of London? A. Yes.

Q. In the papers which I propose to put in in connection with the Farmers Bank, there is a prospectus which makes the following statement:

"The following gentlemen have consented to act as Directors if elected"—then after the name of his Honor Mr. Forget comes the name of Major Thomas Beattie, President of the London City Gas Co., and so on—would that refer to you by description? A. I think it would.

Q. Had you ever agreed or consented to act as Director, if elected, of the Farmers Bank? A. I never agreed or consented. Perhaps, if I just tell how it came about it would be better. One Sunday night, I think about 10 o'clock, in my house I was called to the telephone to speak to Toronto. The gentleman speaking said it was Mr. Travers. I knew Mr. Robert Travers, who was Manager of the Bank of Montreal in Peterborough. He was in London for many years. He was then in Almonte at that time, and I thought I was speaking to Mr. Robert Travers. He said he was getting up a new bank, and asked me if I would join with them, and I told him I might if there were parties associated that I would approve of; and that is all at that time until Monday morning before I had had breakfast a party came to my house, ready for me to sign. The thing was done so sharp it aroused my suspicion.

Q. Before breakfast? A. Yes. The telephone was on Sunday night, and this was on Monday morning, and it roused my suspicion and I said to the party, what is the hurry about this? I said, "When did you leave Toronto?" He said he left Toronto just after I spoke to Mr. Travers. I said, "When did Mr. Travers leave the Bank of Montreal?" He told me Mr. Travers was never in the Bank of Montreal; and then I discovered I had been speaking to a man I did not know; and I hesitated about doing anything, and I went down to the Merchants Bank, where I found Mr. Travers had been employed, and the reputation I got of him was such that I concluded I had better have nothing to do with him, and I went back and told the gentlemen I would not sign any papers; and I found at that time he had issued a prospectus; he had used my name without any consent of mine whatever. I had several parties write me about my name on the prospectus, and I wrote them saying "I had nothing to do with the bank and did not intend to have."

- Q. Do you know who this was who came to see you on Monday morning?  
 A. Yes, a man named Lindsey.  
 Q. W. J. Lindsey? A. Yes.  
 Q. When did you tell him that you would have nothing to do with it? A. It was on Monday morning after I had been down to the city.  
 Q. That same morning? A. Yes.  
 Q. I understand he wanted you to sign some stock subscription? A. Yes.  
 Q. Did he discuss with you your becoming a Director or merely taking stock?  
 A. I could not be certain whether he discussed with me or not, he wanted me to take stock.  
 Q. There was no authority for the use of your name as director? A. Not at all, he simply came there and I think he told me they would have to be in a great hurry, because they were anxious to get the bank going, and that is the reason he came so early.  
 Q. Can you fix the date at all? A. No, I don't think I could.  
 Q. Can you fix the year? A. I do not know that I can do that; it was before the bank started at all, before any meeting of stockholders, because he came to London some three different times to see me and wanted me to subscribe for \$5,000 of stock, that he would make me President of the bank.  
 Q. This conversation was the first time you had any interview? A. Yes.  
 Q. How long after that was the first meeting of shareholders? A. It was some time after that. The first meeting of shareholders, I could not tell the date, but it was before the meeting of Directors.  
 Q. Could you give us information as to the date? A. No.  
 Q. Was it the same year? A. I think it was the same year.  
 Q. That the bank got its certificate? A. Yes, it was.  
 Q. Were you a Member of Parliament in 1906, were you in Parliament in 1906? A. I cannot tell you without looking over the records. It was the time Mr. Hyman resigned that I came back that year.  
 Q. Perhaps you could give me that later when you were there and whether you were attending that session that began the 22nd November, 1906? A. I can get it for you.  
 Q. You had no further connection with the matter? A. I had no further connection with the matter whatever; they simply made use of my name and put it in the prospectus and said I had consented to be a director if elected and I had no stock and could not state that at all.

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SYDNEY FISHER, Sworn, Examined by—

- MR. HODGINS: You were one of the Ministers in the late Cabinet? A. Yes.  
 Q. Minister of Agriculture? A. Yes.  
 Q. In 1906? A. Yes.  
 Q. Were you a member of the Treasury Board? A. I have been a member of the Treasury Board, but I would not like to give definite dates as to when I went on the Board. I was a member of the Board once or twice at intervals when other members of the Treasury Board were absent from Canada, taking their place, and then eventually I went on the Board permanently, but I could not say what dates. Mr. Boville can tell you. What date do you mention?  
 Q. November, 1906? A. I think I was a member of the Treasury Board but I am not certain.  
 Q. How many members did the Treasury Board consist of? A. Five.  
 Q. Five and the Minister of Finance? A. I think so.  
 Q. Which would make six in all—

## SESSIONAL PAPER No. 153a

MR. T. C. BOVILLE: I find immediately before and immediately after this meeting Mr. Fisher was a member of the Treasury Board.

MR. HODGINS: I am proposing to put in on Mr. Boville's examination an abstract from the minutes of the Treasury Board held in Ottawa the 30th of November, 1906; have you any recollection at all of that meeting, the one in which the Farmers Bank certificate was directed to be issued? A. No, I do not think I was present. The Farmers Bank question was drawn to my attention later on, and my memory is I was not present when the certificate was issued.

Q. You probably would remember the granting of a certificate for a bank to go into operation? A. I think so.

Q. Was there any regularity in the calling of the meetings of the Treasury Board, any formality about it? A. The members of the Treasury Board received a notice from the Secretary of the Treasury Board.

Q. Would you be able to say whether that was a meeting of which you had notice but did not attend it? A. If I did not attend it was probably because I was away from Ottawa, and the notice would go to my office and no further attention would be paid to it.

Q. At all events they were formal calls? A. Usually, not invariably; occasionally the Chairman would give us verbal notice and say "I have to have a meeting of the Treasury Board;" and he might say to meet him at a certain time.

Q. When the meetings were held, were minutes kept of the meetings? A. Yes.

Q. Who was charged with the duty of keeping minutes? A. Mr. Boville was the Secretary of the Treasury Board.

Q. He would record who were present and the business transacted? A. Yes, I think it was the practice to record who were present, I would not be positive as to that, because I never examined any of the minutes.

Q. If he did not, how would any record be kept of the action of the Treasury Board? A. He would keep minutes of what business was transacted. I only say I am not sure that he recorded who were present.

Q. Speaking for the moment on the question of there being six members on the Treasury Board, now would the minute show at all as to how many were present? A. I would suppose, speaking only as a supposition, because I never examined the minutes, that the minutes would declare there was a duly authorized meeting of the Treasury Board.

Q. Was there any effort made to keep up a quorum or was that matter ever decided by the committee to your knowledge as to how many would form a quorum of the Treasury Board? A. Yes, there was a definite quorum.

Q. Do you remember how many that was? A. I think it was four, perhaps three, including the President and Chairman.

Q. Three including the Minister of Finance, or three together with the Minister of Finance? A. I think three including him.

Q. That would only be three out of six? A. Yes.

Q. Was it your practice to sign minutes in any way? A. Not for the members; I won't say the Chairman did not.

Q. Was it your custom to sign any memorandum at all of the minutes of the meeting or verifying the business done? A. No, I never did it.

Q. Have you the minutes of that meeting Mr. Boville?

MR. BOVILLE: Yes. (Produces minutes.)

MR. HODGINS: I produce, Mr. Commissioner, and will put in a copy—

MR. COMMISSIONER: You had better put that in afterwards and direct your questions to Mr. Fisher.

MR. HODGINS: "Ottawa, 30 November, 1906. Present: Hon. W. S. Fielding, Minister of Finance, Chairman; Right Hon. Sir Richard Cartwright, Minister of Trade and Commerce; Hon. L. P. Brodeur, Minister of Marine and Fisheries.

"The Board had under consideration application made by the Farmers Bank of Canada under the provisions of the Bank Act for the issue by the Treasury Board of a certificate permitting the said bank to issue notes and commence the business of banking. It having been shown to the satisfaction of the Board that all the requirements of section 15 of said Act had been complied with, the Board authorized the issue of the certificate applied for.

Signed, "W. S. Fielding, Chairman."

That does not show your presence there; may I take it that you as a member of the Treasury Board had no knowledge of the correspondence with the Finance Department which they then had, or the information which was in their possession on the 30th November? A. I had no knowledge.

Q. Had there been a previous meeting of the Treasury Board say in October or November at which you were present in which the Farmers Bank matter came up at all? A. I do not remember any meeting of the Treasury Board in which I was present that the Farmers Bank matter was discussed.

Q. I am putting in from the Department file this document, which is an extract from the minutes of a meeting, with the initials of the three gentlemen who are said to have been present that day upon it, and I show it to you, just to ask you if that is in accordance with the practice where a meeting has been regularly called and held? A. Yes, these signatures were put on the Treasury Board reports to Council.

Q. Always? A. Always, at any rate—

Q. Is that a report to Council? A. This is a minute; yes, I would call this a minute of the Treasury Board for Council.

Q. Then were the minutes of the Treasury Board always reported to Council?

A. The Treasury Board had to report to Council for action of the Council.

Q. But if they had not to report a matter on which Council had to act would they report? A. No.

Q. Would you think the Council had to approve of the issue of this certificate?

A. No, the Treasury Board had power to issue the certificate without the report to Council.

Q. Would that make any difference? A. That may mean that that was simply an adoption of the minute of the Treasury Board by the Treasury Board.

Q. I just called your attention to it to know whether it was in accordance with the practice so far as you knew it, that the members of the Treasury Board should initial the minutes where apparently from the book it would appear that they had all attended and passed the resolution; you say the initials were appended in your knowledge to reports or minutes sent to Council for their action? A. Yes.

Q. And in that case only? A. I would not say in that case only; I am not certain, I do not remember now positively whether we were in the habit of initialling the action of the Treasury Board in itself or only the reports to Council.

Q. You are not able to speak? A. No, I would not like to say positively one way or the other on that.

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THOMAS COOPER BOVILLE, Sworn, Examined BY MR. HODGINS.

Q. You are Deputy Minister of Finance? A. Yes.

Q. And did you occupy that position in 1906? A. I was appointed on the first November, 1906.

Q. Then prior to that what was your position? A. I had been Secretary of the Department of Finance.

## SESSIONAL PAPER No. 153a

Q. It was a step up on the first November? A. Yes.

Q. Had you occupied the position of Secretary long? A. Not very long, for a few years.

Q. To which of those offices appertains the duty of keeping the minutes of the Treasury Board? A. The Deputy Minister of Finance is also Secretary of the Treasury Board.

Q. Had you begun to keep them on the first November, 1906? A. Yes.

Q. Who would have kept them prior to that? A. My predecessor Mr. Courtney. He was also Deputy Minister of Finance and Secretary of the Treasury Board.

Q. Before we get into your file that you produce here, can you tell me if there is a quorum of the Treasury Board? A. Yes.

Q. How is that fixed? A. Established by Order in Council.

Q. Passed do you remember when? A. It was before 1906.

Q. Is it of long standing? A. Yes.

Q. Does that Order-in-Council provide that the Minister of Finance shall be a member of the quorum? A. No.

Q. The Treasury Board consists of the Finance Minister and six other members? A. Five other members. The members of the Treasury Board, outside of the Minister of Finance, are appointed by the Order-in-Council. The Treasury Board at that time consisted of the Minister of Finance and four others who were appointed by Orders-in-Council.

Q. Can you give me their names? A. Mr. Fielding—I was speaking from memory, not from definite record.

Q. Have you a record there? A. The Orders-in-Council will give you exactly, but I will speak from memory, and I think I am correct; Mr. Fielding, Chairman; Sir Richard Cartwright, Mr. Paterson, Mr. Brodeur and Mr. Fisher.

Q. And that would only make five all told? A. Yes.

Q. I understand from Mr. Fisher that six was the number? A. The formation of the Treasury Board is statutory.

Q. Does not that say six; that is my impression? A. Section 9 of Chapter 23, Revised Statutes, "There shall be a Board, to be called the Treasury Board, consisting of the Minister of Finance and any five of the members belonging to the King's Privy Council, to be nominated from time to time by the Governor-in-Council."

Q. One would naturally suppose there were six members? A. Yes.

Q. And who was the sixth? A. I don't think there was any sixth.

Q. Where would we go to find out? A. The Orders-in-Council. I can give you copies of the Orders-in-Council; I can get them from the Clerk of the Council.

Q. You have minutes of the Treasury Board here, would you mind turning them up and let me see the October minutes? A. (Produces Minute Book) Before you go into that it would be wise for me to explain the method.

Q. I will no doubt ask you that. I do not want to look into any of these matters that do not concern me, but perhaps you will look over that and say just what meetings there were in October.

MR. COMMISSIONER: Do you mean in reference to this bank or generally?

MR. HODGINS: Generally.

A. On the 26th October; 17th October; 13th October; 4th October; 21st September.

Q. That will be sufficient; who were present at those meetings? A. The 21st September, Fielding, Paterson and Brodeur; 4th October, Fielding, Brodeur and Fisher. The 13th October, Fielding, Cartwright and Paterson. The 17th October, Fielding, Cartwright, Paterson and Brodeur. The 26th October, Cartwright, Paterson and Fisher.

MR. COMMISSIONER: Mr. Fielding was not there? A. No.

MR. HODGINS: Mr. Fisher was a member then during those two months? A. Yes.

Q. Is there any mention in any of those you have gone over prior to the 30th November of the Farmers Bank? A. None at all.

Q. You have carefully compared them in order to see? A. Yes.

Q. The minutes of each of these, who would have kept them from the 1st November? A. I probably was in charge of the Department at that time in October; I was probably acting at that time.

Q. Whose handwriting are they in? A. Different clerks' handwriting.

Q. You were in charge, Mr Courtney having left? A. Practically left at that time.

Q. And you would then be responsible for the minutes? A. Yes.

Q. In what way were those minutes kept, taking the October minutes; there seemed to be a good deal of business transacted? A. A great deal. Almost the whole of the minutes represent reports which are passed upon by the Board and are recommended for action by the Privy Council.

Q. Probably nine-tenths? A. Probably more than nine-tenths—99%.

Q. What is the residue? A. The residue was cases such as this kind.

Q. Which kind? A. Cases that required the action of the Treasury Board only.

Q. That would be the remaining 1%? A. Yes, very small.

Q. That does not tell me how the minutes are kept of the meeting; does the Treasury meet around the table? A. As a rule.

Q. You as Secretary would be there? A. Yes.

Q. And these reports come in through you? A. The reports usually come to the Board in the shape of papers, recommendations from the different Departments and so on, they are dealt with.

Q. They are presented to the Board and dealt with by them? A. Yes.

Q. How is the record kept? A. Then under my direction a precis was made of each recommendation, and these are gathered together and placed in one report, signed by the Minister of Finance and sent on to Council.

Q. That precis would only be a sort of condensed statement of the report.

A. Yes, of the action taken by the Board on these respective cases.

Q. The reports themselves are presented to the Board? A. Yes.

Q. And reports then go back to you as Secretary—

MR. COMMISSIONER: Are we very much concerned in these that have nothing to do with the action of the Treasury Board?

MR. HODGINS: We are getting the practice.

MR. COMMISSIONER: I do not think it is worth while.

MR. HODGINS: Is there any difference in treatment between cases where the Treasury Board have not the power to take final action, where they report to Council and where they take final action? A. In the one case the report of the Treasury Board, signed by the Minister of Finance, is sent to the Privy Council; in other cases the precis of the cases is prepared and either attached on the file or kept by themselves and finally copied into this book; that is one of them.

Q. Finally copied into this book? A. Not finally, but ultimately.

Q. I suppose this 30th November minute is a copy from somewhere else?

A. A copy from the document under your hand.

Q. A copy from the document which I have here with printed top, "Extract from the minutes of the Meeting — A. That is a draft.

Q. Which is a draft? A. You see it is a draft underneath.

Q. You said it was a draft, which is a draft? A. The copy underneath is a draft.

Q. But the document itself you said a moment ago was under my hand is what? A. The final document of the Treasury Board.

## SESSIONAL PAPER No. 153a .

Q. I want a little explanation about this; that is not written out, it cannot be written out while the Board is sitting, because it is typewritten? A. No.

Q. Is there any way in which you take minutes of what they do when they are sitting? A. I may take a rough memorandum on a slip of paper of those who are present, and then the cases of this kind you will find the papers are all submitted to the Board, and on the back I may take a rough memorandum of Yes or No; ultimately preparing the minute.

Q. Have you a recollection in this case of what you did? A. In this case the draft was prepared, the papers had been gone through and a draft minute was prepared for Mr. Fielding for his use. That he took with the papers, and it was ultimately returned to me with the initials on it as a minute of the meeting, and these initials on the corner are my certificate, so to speak, of those who were present at the meeting, where I am not present myself.

Q. So far as you know, there was no meeting? A. I was not present at a meeting.

Q. Will you say there was a meeting? A. I do not know; I will give you my impression.

Q. I am not asking for impressions; would you say this minute in that book, page 458—I think you have told us that that is the final— A. Ultimate rescript.

Q. That would be prepared from this minute which bears the initials in the corner? A. Yes.

Q. And so far as you are concerned you were not present at a formal meeting? A. No.

Q. That is all I want to ask you about that. You said a minute was prepared for Mr. Fielding. This document, which I suppose might go in by itself as EXHIBIT 2—perhaps the whole file might go in.

MR. COMMISSIONER: We must get certified copies of them; I do not want originals. Certified copies will answer all the purpose.

MR. HODGINS: I may say a Return has been printed by the House of Commons which contains quite a number of these, and I shall be glad to put that in if we can find any other copy, with certified copies of the additional documents I may want, and perhaps the Registrar will take a note of the documents I want copies of. I will want a copy of the Minute of November 30th, 1906, of the Meeting of the Board, the extract. This, which will be EXHIBIT 2, is signed by you. It is an extract from the minutes of the Meeting of the Treasury Board held in Ottawa on the 30th November, 1906: "The Board had under consideration an application made by the Farmers Bank of Canada, under the provisions of the Bank Act, for the issue by the Treasury Board of a certificate permitting the said Bank to issue notes, and commence the business of Banking. It having been shown to the satisfaction of the Board that all the requirements of section 15 of the said Act had been complied with, the Board authorized the issue of the certificate applied for." That was prepared by whom? A. By myself.

Q. On the 30th November? A. Yes.

Q. Prior to its containing these initials? A. Yes.

Q. You prepared it and handed it to whom? A. To Mr. Fielding.

Q. Returned to you the same day? A. I think so; I think I am correct in saying yes.

Q. You have a memory of that day? A. There is other action which would depend on that.

Q. That is the action you refer to? A. The return of the deposit; it would not be returned until that was returned to me.

Q. Are you quite sure of that? A. Yes.

Q. Have you any memory apart from that? A. No, not apart from that, but I am quite sure of it.



Q. You are quite sure that you would have got this back before returning the money? A. Quite sure.

Q. The money was returned that day? A. Yes, the receipt for the money is on that file.

Q. What did you hand Mr. Fielding at the time you handed this? A. That draft minute with all the papers; he would have that and all the papers.

Q. Are you prepared to say that as a matter of recollection? A. That is a matter of practice, and I am perfectly certain of it.

Q. Mr. Fielding is not here? A. No.

Q. Where is he? A. I understand he is in London with his widowed daughter at the present moment.

Q. Are you prepared to say that you handed him all the papers with that minute? A. Yes.

Q. Without qualification? A. Without qualification.

Q. Will you tell me what you refer to as "all the papers"? A. If you will give me that file I will show you.

Q. May I ask you for your recollection first?

MR. COMMISSIONER: I do not think you should treat Mr. Boville that way; I think he has a right to see it.

MR. HODGINS: If you so rule.

MR. COMMISSIONER: I do so rule. A. It is the application with the affidavit and the papers accompanying the affidavit.

MR. HODGINS: Look at the file now? A. (Looking at the papers). Yes, the application, the affidavit with the accompanying exhibits.

Q. Whose affidavit? A. The affidavit of Travers.

Q. The application, the affidavit of Travers with the accompanying exhibits, and what else? A. The correspondence with the Department of Justice.

Q. What do you mean by the correspondence, give us the dates please? A. 28th November, to Mr. Newcombe, and Mr. Newcombe's reply of the same day.

Q. Have you looked through the file? A. Yes.

Q. Have you told me all that you handed Mr. Fielding? A. Yes.

Q. Do you remember when you handed them to him that day? A. I could not remember the particular hour of the day.

Q. Think over the matter, you must remember, the whole of the transaction occurred on the 30th November, and that is the date of this minute? A. It occurred amidst other items of business during the day.

Q. Do you recollect what time of day you handed these papers to Mr. Fielding? A. I could not say.

Q. Is it your duty to give careful attention to the details? A. Yes.

Q. And Mr. Fielding would assume you had handed him all the papers that were of importance? A. Yes.

Q. Had you taken any interest in this matter before the 30th? A. Yes.

Q. Had you communicated to Mr. Fielding the correspondence that had reached the Department prior to that? A. What correspondence?

Q. Any correspondence about the Farmers Bank? A. I had communicated all the information I had in my possession.

Q. That would include correspondence which came in connection with the Farmers Bank prior to the 30th November? A. Yes, if any.

Q. I have shown you the file, do you qualify it by saying "if any"? A. There was not any.

Q. No correspondence connected with the Farmers Bank prior to the 30th November? A. You mean outside of the Farmers Bank or with the Farmers Bank?

Q. Concerning the Farmers Bank? A. There is a letter I think you will find of mine to Travers about the nature of the documents he submitted.

Q. Is that all? A. That is all I recollect.

## SESSIONAL PAPER No. 153a

Q. Perhaps you can tell me what letter that is on the file, was it the letter of the 21st October, what sort of a letter is it? A. It is with regard to the amounts paid in by each subscriber.

Q. Is it the one probably of the 21st November—I said October—is that the one? A. Yes, that is it.

Q. Are you entirely right when you say that is the only other letter? A. The only one I have any memory of.

Q. And that letter is referring to your letter of the 23rd October making a deposit under section 13 of the Bank Act? A. That is the deposit of the \$250,000.

Q. No doubt; of the sum of \$250,000—"I have no doubt that you will be applying very shortly for a certificate under section 14 to commence business. In the papers to be submitted to the Board in support of the application there is a list of bona fide subscribers of capital stock of the Bank showing subscriptions to the extent of \$500,000. Would you be so good as to have added to this list for submission to the Board a statement showing the actual amount of cash paid up by each subscriber (Signed) T. C. Boville, Deputy Minister of Finance." That is the letter you refer to? A. Yes.

Q. Is that a usual letter to write? A. No, it is not.

Q. Why was it written? A. On account of the rumours that had come to the Department that there might be some action taken by those who were making the application for the certificate looking to obtaining part of the cash by indirect means rather than by cash subscriptions from the shareholders themselves.

Q. These were rumours only? A. Yes, rumours only.

Q. Had these reached you yourself or had they reached Mr. Fielding? A. They had reached Mr. Fielding, they had reached myself and there had been a suit started in Toronto, if I recollect right, which looked to that kind of thing.

Q. The department had official knowledge of that suit? A. Yes, we had a letter from the lawyer in the case.

Q. Anything more than that? A. A request not to take action.

MR. COMMISSIONER: Is that letter there? A. That letter is on the files.

MR. HODGINS: Not only rumours had reached you, and you think Mr. Fielding, but a letter, was it from Mr. McCarthy? A. Yes, of the 19th October.

Q. Enclosing copy of a writ? A. Yes.

Q. With the endorsement? A. Enclosing special endorsement on writ of summons.

Q. I am instructed that Mr. William Laidlaw's affidavit accompanied that? A. The papers were asked to be returned, so that I have not got it before me.

MR. COMMISSIONER: And were returned? A. Yes.

MR. HODGINS: Can you, looking at that file or otherwise tell me whether that affidavit was there or not? I may tell you that with my glance at the file I see no reference to it at all? A. No, I see no reference to it.

Q. I want to know whether you recollect that? A. No.

Q. A pretty strong affidavit? A. It is a very strong affidavit.

Q. Have you seen it since? A. No.

Q. You saw it then? A. I saw it then at that time.

Q. It came down with the copy of the writ of summons? A. Yes.

Q. It was sent back? A. Yes, returned.

Q. You did not keep a copy of it as you did of the writ of summons? A. No, I kept a copy of the writ of summons.

Q. There is a letter here dated 31st October to Mr. McCarthy from you: "Referring to your letter of the 19th inst. addressed to Mr. Fielding on the subject of the Farmers Bank of Canada and the issue of a certificate to the Bank to commence business under section 15 of the Bank Act, I noticed recently a reference in the newspapers to a judgment given by Judge Anglin in a suit relating to this matter. In view of the decision rendered I would be obliged if you let me know if

you still desire the protest contained in your letter to be brought before the Treasury Board upon an application of the Farmers Bank for a certificate to be considered." What was the occasion of writing that letter? A. If I recollect right the suit was dismissed. We wanted to have the ground cleared for action by the Treasury Board, and if the suit was dismissed and nothing in it we wanted to know.

Q. There was no application made at that time for the certificate? A. No.

Q. You wrote to Mr. McCarthy having noticed this in the papers? A. Yes.

Q. Do you remember in Mr. Laidlaw's affidavit anything said about discount notes? A. I do not remember Mr. Laidlaw's affidavit at all.

Q. I was speaking to you a few minutes ago and you said you remembered speaking about it? A. No, the writ of summons; I only referred to the writ of summons.

Q. You certainly said it went back with the writ of summons; it was a pretty strong affidavit? A. The writ of summons, the original papers sent to me by Mr. Leighton McCarthy were returned.

Q. Let me ask you again, I am instructed that there was an affidavit by Mr. Laidlaw with those papers sent to you with the writ of summons? A. Yes, I have no record of it and no recollection of it.

Q. You had at all events a writ of summons, you kept a copy of that? A. Yes, it is marked copy of the original document returned to Mr. McCarthy.

Q. Had this phase of the matter, speaking generally, come up before you that these notes by the various subscribers were being discounted for the purpose of raising money to pay the deposit to the government? A. As I said before there were rumours.

Q. Of that particular sort of action? A. Rumours of the incorporators endeavouring to obtain money by means of discount for the purpose of making up the \$250,000 required to be deposited under the Act.

Q. I suppose that would also come to you in the form of a notice from Mr. Leighton McCarthy. I am going to put in, Mr. Commissioner, the correspondence between Mr. McCarthy and the then Minister of Finance, and Mr. Boville. The first letter is dated the 8th October.

MR. COMMISSIONER: Is not that all part of this same return you are going to put in?

MR. HODGINS: Yes.

MR. COMMISSIONER: Do not let us split it up.

MR. HODGINS: Shall I read the letters?

MR. COMMISSIONER: I don't think it worth while.

MR. HODGINS: Very well, I will put them in. The letter of the 19th October, 1906, I suppose to Mr. Fielding you would see, that is the one enclosing writ, "I beg to enclose special endorsement upon a writ of summons in the High Court of Justice etc"? A. Yes.

Q. Have you that letter there in the file? A. Yes.

Q. Further down it says, "I have received information that the alleged subscribers for shares paid a large sum of money in cash and have signed notes for other large sums of money, and that the persons professing to act in the name of the Bank have transferred notes and received the proceeds, and that a deposit either has been made or will be made of the cash received and the proceeds of these notes, or a sufficient amount to make up \$250,000. I wish you will have the kindness to acknowledge the receipt of this protest against the granting of the certificate"—did that go before Mr. Fielding? A. Mr. Fielding saw that.

Q. And saw the endorsement on the writ of summons? A. Yes.

Q. You wrote Mr. McCarthy on the 23rd October acknowledging that letter and stating "When application is made by the Farmers Bank to the Treasury Board for a certificate to enable them to commence business the representations contained in your letter with its enclosure will be laid before the Board". Will you

## SESSIONAL PAPER No. 153a

tell me why that was not done? A. Because the document was withdrawn afterwards; I could not submit it to the Board; I had not it, it was withdrawn.

Q. Why did you write the letter of the 21st November asking particulars as to the amount paid by each subscriber if the action had been withdrawn and you were satisfied? A. On account of these other rumours and to protect ourselves, if possible.

Q. The rumour was that the subscribers had not paid up in cash but had given notes? A. The rumour was rather that those who were seeking for the certificate were endeavouring to raise some part of the \$250,000 by means of discounts.

Q. That was specifically charged by Mr. Leighton McCarthy in his letter, and did you notice whether that was involved in that suit or not? A. I do not recollect.

Q. I am not very sure that it is in that endorsement? A. I do not recollect.

Q. At all events you had the letter before you. The suit itself impressed you I suppose as a suit to set aside the subscriptions by these—A. Something of that kind.

Q. And I suppose you did not concern yourself very particularly with it? A. Not after it was withdrawn; it was dismissed. I presumed the action of the Court meant something.

Q. Did you see what the action of the Court was? A. I must have read it from the 'Globe' of the 29th October, because I have a memorandum, "Vide 'Globe' 29th October, page 7."

Q. You did not get a copy of the judgment? A. No.

Q. The 'Globe' report showed that they had assigned their claims to somebody else? A. Something of that kind.

Q. Or had been settled with? A. Settled with.

Q. Is that all the information you got, or did you get a copy of the judgment at any time before the issue in order to see? A. No.

Q. The information that you had then at that time was that certain subscribers were disputing their subscriptions and had given notes for the balance of their claim, that their subscriptions had been transferred to other people, and they had been paid off, am I right in that? A. I don't know that that feature was so very strongly before us.

Q. What was the feature? A. The writ of summons had been withdrawn and the case dismissed. I did not take any material interest in the case after that.

Q. Did you not take any interest in the case in which it was set up that the subscriptions had been obtained by fraud? A. That was only an allegation.

Q. I am speaking now as to the action of the Department, did you find it necessary in view of the charges made there to investigate further and see whether there was any truth in it? A. It was in that line that the Department was acting, and asking for this special information from Mr. Travers.

Q. If these same parties who had made the charges of fraud, and whose subscriptions you knew had been settled by other people—because that is what the 'Globe' said, was it not? A. Yes.

Q. If they appeared in the list that Mr. Travers submitted to the Minister of Finance and that you handed him, would you think that attention should be called to that feature? A. I do not think so. These people might have come back and been mollified and subscribed again, especially in view of the affidavit.

Q. Of what affidavit? A. Of the affidavit submitted—Travers' affidavit.

Q. I am asking you if the Department made any effort to find out, either from seeing the judgment of the Court in that action, or by enquiry from Mr. McCarthy, or by enquiry from any one else as to whether the settlement of that suit involved a complete withdrawal of the charges, and the substitution of other subscriptions? A. No, because the whole thing was deleted by being withdrawn.

Q. That is your assumption? A. Yes.

Q. But the means of investigating that you did not take? A. There was no investigation of that kind.

Q. When this list of subscribers came down, that was the list you asked in your letter of the 21st November, was it not? A. The 21st November, yes.

Q. In consequence of the rumours and of that letter from Mr. McCarthy saying they were issuing that \$250,000? A. Yes.

Q. You had apparently not been satisfied by the settlement of the suit so far as that feature had been concerned? A. We wanted to make further inquiry.

Q. You would not do that if you were sure? A. There had been some allegations and we wished to satisfy ourselves.

Q. I say you were not satisfied by the settlement of the suit upon that point? A. No, because this had not been the practice in previous cases.

Q. I am not really concerned with the reasons, but you really did not feel that that was got out of the way by the settlement of the suit? A. We wished to strengthen our position by getting this special information.

Q. I suppose I had better take it at that. Your position still needed to be strengthened on that point? A. Yes.

Q. When that came down did you check over that list of subscribers? A. I see the check marks on it but I did not check it.

Q. You see your letter says, "In the papers to be submitted there is a list of bona fide subscribers of capital stock. . . . would you be good enough to add to this list for submission to the Board a statement showing the actual amount of cash paid up by each subscriber"—in that list which you handed to Mr. Fielding the names of these parties who had brought this action and had since been settled with are included as bona fide subscribers, was that noticed by you? A. I don't think there was any attention paid to it at all.

Q. Did you look to see whether that feature was there? A. I don't think so.

Q. If you had noticed it you would have returned the list for correction? A. Not necessarily.

Q. Why not? A. In view of the affidavit because that was a very strong affidavit.

Q. At all events that feature of it was not gone over; the list bears the marks, you say of checking? A. I see the checking marks on the outside here.

Q. What on earth would you have to check that with; what could you check that list of subscribers with if it was not with the writ of summons? A. These are subsequent check marks.

Q. In the letter of Mr. Fielding which was written on the 30th November, to Mr. Travers, am I wrong in saying that you dictated that letter? A. You are; Mr. Fielding dictated it later himself.

Q. And he I believe handed that out to Mr. Travers, do you know about that yourself? A. No.

Q. The letter is dated the 30th November: "There is a phase of the matter which I should like to bring to your notice so that you may consider it at once. It has been represented to us that in some previous instances where an application was in all respects apparently regular there was actually an evasion of the intention of the Bank Act in relation to the paid-up capital. We have been told that in some cases the subscribers did not actually pay in cash, but gave notes to the Provisional Directors which were used to raise the money. On account of information of this kind which has reached us in relation to a previous case we deem it proper to scan very closely every application for a certificate which comes to us. I shall be glad to have an assurance that nothing of the kind has taken place in relation to the subscriptions for the Farmers Bank, but that the amounts set forth in the application as having been paid up have in every case been bona fide cash payments"? A. Yes.

Q. What is the date of that affidavit that you speak of as being such a strong

## SESSIONAL PAPER No. 153a

affidavit, is it the one dated the 27th November made by Mr. Travers? A. The 27th November, by Travers.

Q. When did that reach the Department? A. It was forwarded from Toronto on the 27th November and evidently was received the next day, on the 28th.

Q. And then it was not in the hands of the Department during the 28th and 29th, was it? A. It must have been in the hands of the Department on the 28th, because I enclosed it to the Department of Justice.

Q. And they would have had it on the 28th and probably the 29th; Mr. Newcombe's letter was the 28th? A. The same date.

Q. Did he get it back the same day? A. The same day.

Q. Then evidently on the 30th Mr. Fielding was not satisfied with that affidavit? A. I would not say that.

Q. Were you? A. I was satisfied with it.

Q. Based upon what you have told us, the withdrawal of the suit back? A. Yes, and the strength of the affidavit itself, and the people who were at the back of it.

Q. Who were the people at the back of it? The shareholders.

Q. Did you know any of them? A. No, but they represented the farming element, evidently well spread throughout the County of Halton, and they represented a good class of people as far as I knew.

Q. Will you tell me what you did other than what you have already said in connection with this, before you handed the papers to Mr. Fielding to satisfy yourself upon the point raised by Mr. McCarthy in the matters set out in the writ of summons, and in the matters referred to in the Minister's letter of the 30th November, which he says requires them to scan very closely every application for a certificate? A. Scan all the papers in the light of the requirements of the section of the Bank Act.

Q. Yes, but other than what you have told me as to what you went over or what you did, was anything else done? A. I do not think so, other than checking the notices, the necessary requirements.

Q. The preliminary requirements? A. Yes.

Q. Did you know anything at all or did you take any means to verify the statements that were in the prospectus as to the directors? A. No.

Q. Some of those directors were members of Parliament then, were they not? A. Yes.

Q. You made no enquiry from them? A. No.

Q. Mr. Calvert's name, I see, is given; does that feature enter into the calculations at all? A. That feature enters more into the calculations of the Banking and Commerce Committee of the House of Commons.

Q. But not into the Department's? A. No. "In every case a Committee upon any bill for incorporating a Company may require proof that the persons whose names appear in the Bill as composing the Company are of full age and in a position to effect the objects contemplated, and have consented to become incorporated" (section 104 of Rules of the House of Commons).

Q. But these names only reached the Department of Finance on the 28th November? A. Yes.

Q. They never reached the Banking and Commerce Committee. I am only asking you, the names of Members of Parliament in Ottawa appearing as Directors, whether any enquiry is made from them? A. No.

Q. I suppose you cannot tell me whether anything further was done by way of enquiry? A. No.

Q. Did you submit to Mr. Newcombe, the Deputy Minister of Justice, the correspondence with Mr. McCarthy on the writ of summons, the copy you had retained? A. The letter to Mr. Newcombe would have to speak for itself; I could not say for certain.

Q. Mr. Newcombe's letter I see does not give any details; can you say whether you submitted those to him or not? A. I could not say.

Q. He makes no reference to it? A. No.

Q. You would recollect if you had, would you not? A. No, I would not. We might send him the whole file or we might only send him the papers relevant.

Q. I want to see how far you regarded that as important at that date? A. The practice would be to send only the papers which were relevant.

MR. COMMISSIONER: To the enquiry you were making? A. Yes.

MR. HODGINS: That enquiry was whether on the papers submitted such a certificate might legally issue? A. Yes.

Q. Was that enquiry made in all bank cases as a matter of form? A. I would not say all the bank cases, but Mr. Fielding was generally very particular about having the advice of the Department of Justice, and I was starting in at that time.

Q. What you wanted to know was whether apparently the Bank Act had been complied with? A. Yes.

Q. And that was all? A. Yes.

Q. You were taking any responsibility there might be in regard to the enquiries which had been made by the Department? A. That is our responsibility.

Q. Did you know Travers yourself? A. No.

Q. Had never seen him before he came to Ottawa? A. No.

Q. When did you see him first, was it before the 30th or on the 30th? A. I think it would be probably before the 30th. Mr. Fielding delivered his Budget speech on the 29th, and I fancy Mr. Travers may have called at the Department the day before or that day regarding the matter.

Q. You do not remember seeing him then? A. No.

Q. The application of Travers was the one you enclosed to Mr. Newcombe? A. Yes.

Q. That application is given in this printed memorandum dated 27th November, that is the one enclosing the declaration? A. Yes.

Q. "I have the honour herewith to forward declaration of the General Manager of the Farmers Bank of Canada, setting forth the facts relating to the incorporation, organization of said Bank and also giving the names of the Directors elected at the meeting of the subscribers, and such other particulars as required by the Bank Act; the provisions of the Act as to subscriptions and deposits with the Receiver General having been fully complied with on behalf of the said Bank, I apply for the Certificate of the Treasury Board permitting said Bank to commence business of Banking." There is the time the application first came in, that would be the 28th? A. Probably the 28th.

Q. Then I suppose, apart from the letters on the 30th, whatever had been done with regard to satisfying yourself had been done prior to that in anticipation of the application? A. What is that?

Q. I suppose that whatever you had done with regard to satisfying yourself had been done previous to the 28th November? A. I do not catch the drift.

MR. COMMISSIONER: Before your letter to Mr. Newcombe, what belonged to your Department was that all finished? A. That was all finished before we wrote to Mr. Newcombe.

MR. HODGINS: Is it the practice of the Department to ask when an application is made for the authority of the person applying? A. No.

Q. Who were you issuing the certificate to? A. The Farmers Bank.

Q. Are you familiar with the Bank Act? A. Generally.

Q. You know what the Provisional Directors can and cannot do? A. Yes.

Q. And know there requires to be an election of Directors? A. Yes.

Q. And some resolutions or authority to apply for the certificate? A. Is that in the Bank Act?

## SESSIONAL PAPER No. 153a

MR. COMMISSIONER: I do not know that you need examine Mr. Boville upon the law.

MR. HODGINS: If I did I would find very little he did not know about it, I am only asking for information in order to found a question whether he made enquiries.

MR. COMMISSIONER: He says it is not usual to do so? A. It is usual in these matters to deal with the general knowledge and the information by some one who knows the facts, the General Manager practically in all cases.

MR. HODGINS: Without any evidence that the Board of Directors has been legally elected? A. Oh, no.

Q. I think you will agree with me that that is required by the Bank Act? A. Oh, that is required by the Bank Act.

Q. You took Travers' declaration that day without further enquiry? A. We heard, generally by the newspapers, that he had been elected General Manager.

Q. With regard to the formality? A. No formality. We had no definite legal instrument advising us that he was General Manager.

Q. I am not speaking of his being General Manager. I am speaking of the proper election of Directors? A. That comes in the Bank Act.

MR. COMMISSIONER: Does his declaration cover that ground? A. Yes, his declaration covers that ground.

Q. And that is all you require? A. Yes; section 13 of the Bank Act says (reads).

MR. HODGINS: Before the certificate issues there are certain statutory requirements, and that is one? A. Yes.

Q. The establishment of that fact that they were properly elected directors? A. Yes, and that is covered in the affidavit.

Q. And upon that you acted? A. Yes.

Q. On the 30th November you cannot recollect the time at which this was taken over to Mr. Fielding. A. No.

Q. His letter to Mr. Travers speaks of an interview at one o'clock or else in the afternoon. A. Yes.

Q. And from information I have I should think it was in the morning, was it not? A. I could not tell you.

Q. Did it pass entirely out of your hands after you handed— A. Practically, yes.

Q. When did you come into it again, get this minute of the Treasury Board? A. Mr. Fielding would send it to me, and it must have been sent to me in the afternoon some time.

Q. The whole of the business connected with this, other than what you have told us, must have been transacted between one o'clock in the afternoon of the 30th and the evening of the 30th, when somebody got the certificate? A. Yes.

Q. Who got that certificate, who was it handed to? A. If you read my letter to Mr. Travers of the 30th, "Referring to your letter of the 27th inst., to the address of the Deputy Minister of Finance applying for the certificate of the Treasury Board entitling the Farmers Bank of Canada to commence business of banking, I beg to hand you herewith a certificate issued under the authority of the Treasury Board in accordance with the provisions of the Bank Act". So that it was handed to him on the 30th.

Q. You handed it to Mr. Travers enclosed in the letter? A. I handed it with the letter, yes.

Q. Are you quite sure of that? A. I think so. It is a long time back.

Q. Was any one with Mr. Travers at the time? A. I do not think so.

Q. Was Mr. Stratton there? A. No; I think Travers was alone.



Q. You think it was handed to him? A. Yes; the letter says it was handed to him.

Q. Was the cheque handed back to him? A. I also said in the letter, "I beg to hand you herewith Finance Department cheque on the Bank of Montreal, Ottawa, in favor of the Farmers Bank for \$245,000".

Q. How late in the afternoon did this take place? A. I suppose about five o'clock.

Q. You gave the minute of the Treasury Board, the cheque, the certificate and wrote these letters? A. Yes.

Q. In the afternoon? A. Yes.

Q. So as to hand them over to him so as to be through by five o'clock? A. It may have been about that. After the Treasury Board had given its decision the rest is only a matter of a short time.

Q. Did you see a man named C. H. Smith there at all? A. I did not know C. H. Smith.

Q. He was down at the same time Travers was? A. I do not remember any C. H. Smith.

Q. He got \$1,800 from Mr. Travers that day in Ottawa? A. I don't know anything about that.

Q. Did you see Mr. W. H. Hunter? A. No.

Q. Did you see Mr. Norman Guthrie? A. No.

Q. All the dealings were with Travers? A. Yes.

Q. Was there any reason for issuing this in such a hurry between one and five o'clock on the same day? A. No, the ordinary way of doing business. As soon as the Treasury Board gives its decision, it is only a matter of half an hour's work.

Q. It is as easy as that? A. After the decision is given the rest is easy.

Q. I should think it would be easy, considering what you handed Mr. Fielding? A. Well, that is your opinion.

Q. Was there any demand made on Travers that evening to your knowledge for the return of that certificate? A. Not to my knowledge, I know nothing about that.

Q. Did you ever hear anything about it? A. No.

J. You did not go? A. No.

Q. Nor send for it? A. No.

Q. Do you know if Mr. Fielding went? A. I could not tell you. I don't know.

Q. Were you instructed afterwards to get it back? A. No.

Q. Did you go later? A. No.

Q. I do not mean later in the day or evening, I mean later in point of time? A. No.

Q. To see Mr. Travers? A. No.

Q. You make no effort to recall the certificate once it was issued? A. No.

Q. Did you receive a letter on the following morning that you answered from Mr. Edward Clouston? A. Yes, that is on the file.

Q. Received it on the first December? A. Mr. Clouston's letter of the 30th November.

Q. Have you the original letter? A. Yes, there is the original letter.

Q. Dated November 30th at Montreal? A. Yes.

Q. Nothing to show when that was received? A. No; in ordinary mail it would be received the next morning.

Q. This is your reply to it? A. Yes.

Q. December 3rd, would that be the date you replied to it? A. Yes, the date of our reply.

Q. That letter of Sir Edward Clouston just repeated what Mr. McCarthy

## SESSIONAL PAPER No. 153a

had written, did not it: "In connection with the application of the Farmers Bank of Canada for the usual certificate from the Treasury Board I have reason to believe that the money lodged or to be lodged at Ottawa as stock subscriptions cannot be regarded as paid-up capital, and that a large proportion of the amount necessary to the obtaining of a certificate is a loan made upon the promise of its re-payment when returned by your Department. Permit me to request that if only for the protection of the public the Treasury Board will exercise its right to refuse to issue the certificate if it thinks best to do so until a thorough investigation has been made into the circumstances stated therein". Mr. McCarthy's letter apparently says, as I read it, the same thing. I would like to ask you whether you gained the same impression from it. "I have received information," Mr. McCarthy says, "that the alleged subscribers for shares paid a large sum of money in cash and have signed notes for other large sums of money, and that the persons professing to act in the name of the Bank have transferred notes and received the proceeds, and that a deposit either has been made or will be made of the cash received and the proceeds of these notes, or a sufficient amount to make up \$250,000."

MR. COMMISSIONER: There is a very important statement of Mr. Clouston's which is not there, the money will be returned to the lender.

MR. HODGINS: Yes, probably not known to or thought of by Mr. McCarthy; I am asking you.

MR. COMMISSIONER: I do not think that is a fair question at all; the letters speak for themselves? A. The letters speak for themselves.

MR. HODGINS: Of course they do, but I want to know whether the explanation he gives to Mr. Clouston is the explanation he would have given to Mr. McCarthy.

MR. COMMISSIONER: I do not think that is right to speculate on what he would have given.

MR. HODGINS: I will put it to you in another way: this letter then to Mr. Clouston sets out, does it not, pretty well your reason why the certificate was granted? A. Yes.

Q. It speaks for itself? A. Yes.

Q. You have nothing to add to it? A. No.

Q. "In view of published reports in the newspapers of some litigation in connection with the subscriptions to the capital in the Bank the matter has had the careful attention of the Department". Did that include the matter that Mr. McCarthy had laid before you in the letter I have read you? A. I presume it would be borne in mind.

Q. What had been done then to investigate that—"had the careful attention of the Department"? A. I say the matter of the issue of the certificate.

Q. That is what this means? A. Yes.

Q. What careful attention, if any, was given to the question of how the \$250,000 was being raised? A. Special form of affidavit, special information asked for by affidavit, and the special questioning by Mr. Fielding of Mr. Travers.

Q. "And some time ago the General Manager of the Bank was communicated with to the effect that when applying for the certificate to commence business in addition to the list of subscriptions to the extent of half a million required by the Bank Act the statement should contain also the actual amount of cash paid up by each subscriber on his subscription. On the 29th ultimo application in due form was made by the Bank for the certificate permitting it to commence the business of Banking. The application was accompanied by the usual documents and also by a list of the subscriptions and cash paid in by each subscriber. The list itself covers over 500 names, and nothing therein appeared calling for any particular comment." I understand you to say that this was not checked over? A. It was scanned fairly closely as to where these men came from, as to their—

Q. You would not expect to find anything in the list which would show what money was improperly obtained? A. It would not be in the list, that was in the affidavit.

Q. Beyond scanning where they came from there was nothing done with regard to that list. "From the statutory declaration of the General Manager I quote the following paragraphs"—you set out paragraphs 4 and 5? A. Yes.

Q. "I previously had some conversation with Mr. Fielding who was very busy in connection with the preparation of the Budget speech, with regard to this application, but on Friday last, the day after the Budget speech, Mr. Travers, the General Manager, had an interview with him. In the course of this interview that gentleman gave a most positive assurance that 'not a dollar' of the amount deposited had been borrowed"? Was that given in your presence? A. I think that information Mr. Fielding gave me.

Q. "For the purpose of record Mr. Fielding wrote Mr. Travers a letter of which I enclose a copy, asking for the assurance that the amounts set forth in the application as having been paid in were in every case *bona fide* cash payments. I enclose a copy of Mr. Travers' reply".

"Under these circumstances there did not seem to be any warrant for the withholding of a certificate under section 14 of the Act, and, accordingly, a certificate was issued on the 30th ultimo". That sets out your view? A. Yes.

Q. Do you still adhere to it? A. Yes.

Q. No attempt was made by the Department to recall that certificate? A. No.

Q. Had Travers left Ottawa? A. I could not tell.

Q. The same evening? A. I don't know.

Q. Did you make enquiries when you got Mr. Clouston's letter as to whether he was in town? A. No, I don't think I did.

Q. Attention has been called to the fact that Mr. Clouston's letter contained another charge which was not before you, that is that the money when borrowed was agreed to be returned out of the money to be handed back by the Government? A. No.

Q. Did that feature strike you as being important? A. No.

Q. You made no enquiry from Mr. Travers as to that? A. No.

Q. Are you aware that the Bank did not open for business till the 2nd January, 1907? A. I could not tell you when they opened for business, it was a short time I remember, but the exact time I could not remember.

Q. It would have been quite easy to recall that certificate?

MR. COMMISSIONER: Do you argue there was any power in the Treasury Board or in the Minister or anybody else to recall the certificate?

MR. HODGINS: Yes, if it was obtained under circumstances which an investigation turned out to be fraudulent, he could recall it.

MR. COMMISSIONER: I don't know whether that is so or not, but that is what you are going to argue?

MR. HODGINS: Yes. Of course there is another phase of it I shall argue, that business prudence would indicate when Mr. Clouston, the President of the Bankers' Association, writes that letter, and the certificate had only left the Department that enquiry ought fairly to be made at once.

Q. Beyond answering Mr. Clouston did you take any steps to notify Mr. Travers of what was said in that letter? A. I do not think so; the correspondence will show.

Q. There is no correspondence that does show that? A. I do not think so.

Q. If that be so why had you notified him when Mr. McCarthy's protest came in? A. In the case of Mr. McCarthy's protest we want to let him know we would practically oppose the issue of a certificate unless that objection were cleared up.

## SESSIONAL PAPER No. 153a

Q. What I cannot understand is why the matter should have gone through in such haste and apparently without the matter being investigated before it was issued, and then when this matter comes up again why at all events then the Department could not have made enquiry? A. So far as the use of the word "haste" is concerned there are classes of business which come to the Department which are always dealt with promptly; the issue of licenses to Insurance Companies and matters of that kind, where interests are involved, and probable loss of money, and those things are promptly dealt with.

Q. Turning to a little later date the correspondence of the Department shows you were communicated with in April, 1907, with regard to notes under discount at the Milton office? A. Yes.

Q. Had you to do with that? A. It is of interest to the Department.

Q. I know, are you the one in the Department that had to do with it? A. The letter was addressed to myself.

Q. Did you connect in any way the two things, the charge made by Mr. McCarthy with regard to the notes and the actual fact that Mr. Vankoughnet states to you on the 17th April? A. No, they were not connected, I don't think.

Q. 17th April: "Will you kindly give me your opinion on the following: our General Manager sends to the different Branches lists of notes given in payment of our capital stock. These notes he makes the Managers put through as discounts, crediting the amount to Head Office. This is figured in the Government Return as paid-up capital and circulation issued to that amount. If I read the Bank Act correctly, section 76, he is asking us to do what is not right. As I do not wish to do anything contrary to the law I should be much obliged if you give me the ruling on it. With many apologies for troubling you.

(Signed) "G. VANKOUGHNET,  
Manager."

A. I did not think it was any province of mine to give a ruling on that. The information was of interest to the Department because if the circulation of the Bank were increasing abnormally beyond their really paid-up capital they would be liable for fine for infraction of the Bank Act.

Q. You did not connect this, however, with the fact that the notes had been given for subscriptions and used to get in the \$250,000? A. No.

Q. You wrote to Mr. Vankoughnet then on the first May: "While it is not deemed expedient to enter into correspondence at this stage, the matter referred to by you is of sufficient importance to warrant further enquiry. This will shortly be made. I should like to have a copy of any of the notes". Was the note produced here and shown Mr. Henderson, do you know, the note that was forwarded to you? A. Yes, I think that is the note.

Q. That is not printed in the printed Return; I would like that note to go in. —Note referred to filed as EXHIBIT 3.

Q. That was one of the notes (Exhibit 3)? A. Yes.

Q. You got a further letter from him May 3rd, "I received your letter of the 1st instant and enclose as requested one of the notes which I referred to in my letter to you of the 17th ult; when we renewed these notes we dated them 2nd January, 1907, or later, and made them payable at this office. The amount under discount at this office, 30th April, was about \$111,885." There is no further letter to Mr. Vankoughnet, he does not appear to have got any satisfaction or information from the Department? A. It was not a valuable correspondence to carry on, because there was nothing that I could do for him directly. I think later on we asked for a special Return.

Q. You communicated with Mr. Travers immediately? A. I asked for a special Return later on.

Q. You asked him on the 2nd May for certain detailed information: "What portion, if any, of the \$375,473 paid up capital of the Bank as per Return of liabilities and assets of March 30th, 1907, is represented by promissory notes or other obligations of shareholders or the proceeds of the same of which the Bank is the holder or is liable thereon."

"The names and holdings of stock of such shareholders, if any, with particulars of such notes or obligations now current."

Then you draw his attention to section 113. Did you get that information?

A. Yes.

Q. And have you it there? A. Yes.

Q. That is not printed in this return, is it? A. I do not recollect.

Q. How much does that show? A. Out of \$375,000 paid-up capital as per Return 30th March, 1907, represented by shareholders' notes held by the Bank \$59,110.

Q. Did you notice that Mr. Vankoughnet said the amount under discount at his own office at Milton was \$111,000? A. Yes.

Q. Did you call attention of Mr. Travers as to the disparity between those two?

MR. COMMISSIONER: How is this relevant to the enquiry? It has nothing to do with the issuing of the certificate?

MR. HODGINS: No, but it has to do with the conduct of the Bank afterwards.

MR. COMMISSIONER: It seems to me it is going pretty far afield, however, if you think it is important I won't stop it.

MR. HODGINS: I only just want to see what the Department did; I am not going to pursue the matter to any length.

MR. COMMISSIONER: I do not think that is involved at all. I am not asked to investigate the conduct of the Department with regard to these reports that were sent to it, and I am not going outside the mandate I have.

MR. HODGINS: If you rule that this enquiry is unimportant in view of the Commission I will not pursue it.

MR. COMMISSIONER: I do not think at present it is covered except so far as, if at all, it affects the first branch of the Enquiry with which you have just been dealing, the issue of the certificate, and I don't see how it does.

MR. HODGINS: It cannot possibly affect that, because the certificate had been issued to the Bank, and the Bank in operation. It only shows notice to the Department of a state of affairs—

MR. COMMISSIONER: I am not trying the Department; that is not my function.

MR. HODGINS: I appreciate that, but I do not know that you can report upon the causes of the failure of the Bank altogether without seeing that it was allowed to go on by the Department without attention being called to this, that Travers was making these statements, and if the Department had knowledge or noticed they were untrue, and did not investigate them, I think it is in the public interests that that should come out.

MR. COMMISSIONER: I do not think that is within the scope of the enquiry.

MR. HODGINS: At all events when we get further into the matter, and the causes of the failure of the Bank come up, perhaps it may be relevant there.

MR. COMMISSIONER: I do not see how at present it can. If it does Mr. Boville can be called then.

MR. HODGINS: It can be resumed then. That will shorten Mr. Boville's examination up in that respect just now.

The Commission adjourned at 1.40 P.M. to 3 P.M.

The Commission resumed its Sittings at 3 P.M., March 13th, 1912, at the Court House, Ottawa.

SESSIONAL PAPER No. 153a

NORMAN G. GUTHRIE, sworn, examined by—

MR. HODGINS: Q. You are a practising Barrister in Ottawa? A. Yes, sir.

Q. And were practising here as a member of the firm of Pringle & Guthrie in November, 1906? A. Yes.

Q. Did you know Travers, the Managing Director of the Farmers Bank, at that time? A. I met him in Ottawa at that time.

Q. Had you known him before? A. No, sir; I had never seen him till that occasion.

Q. Were you the Mr. Guthrie that he saw that day on professional business?

A. What day was that?

Q. The day you saw him in Ottawa? A. I presume so. I was the only Mr. Guthrie in Ottawa at the time, I presume.

Q. The date I speak of is the 30th November, 1906? A. I would be the Mr. Guthrie.

Q. Do you remember his coming to you for any purpose? A. I remember fairly distinctly.

Q. What was his object, as explained to you? A. He came to my office in the 'Citizen' Building shortly after four o'clock for the purpose of paying me some costs which had been arranged between himself and my client in an action in which I was acting in an adverse interest to the Farmers Bank; that was the object of his visit.

Q. I suppose it is impressed on your mind because it was a question of costs? A. Well, yes.

Q. Who was the client you speak of? A. C. H. Smith.

Q. When had he become your client? A. He had become my client, I think, two or three days previously. I could not speak accurately.

Q. Do you know if he came down with Travers? A. I could not say as to that.

Q. Or with Mr. Hunter? A. I could not say as to that.

Q. Then he drifted into your office? A. He was sent to me by Mr. A. S. Lown. Mr. Lown used to practise law in Drayton, and he knew me, and he advised Smith to see me.

Q. A. S. Lown was one of the Provisional Directors of the Bank? A. Yes.

Q. What was the nature of Smith's claim that you say was adverse to the Farmers Bank? A. As I recollect the instructions given me by Mr. Smith, he had been acting as Secretary to the Provisional Directors, and when Travers took over the General Managership of the bank he had quarrelled with Smith and had discharged him, and Smith claimed that at the time of his discharge there was a considerable sum of money due him for services, and, as I recollect it, commissions on sale of stock and a number of matters. When he came to me he wished me to take whatever proceedings might be necessary to endeavor to collect the claim.

Q. Have you any idea why he came to Ottawa to do that when the bank was in Toronto? A. Well, I have not any particular idea, except that I am sure that it was his intention to endeavor to enforce a settlement, and if he could not do so to issue a writ and deposit it with the Department of Finance and fight the issue of the certificate.

Q. I suppose he instructed you along that line? A. He instructed me very generally. In the first place, he was in bodily fear of Travers; he had been discharged, and Travers had used considerable violence; and Smith put up at the Grand Union Hotel, I recollect, and no doubt his registry can be found there. Travers was at the Russell, and I had a great deal of trouble to bring the parties together in order to discuss the question.

Q. Did you do that? A. I did that.

Q. In your office? A. No, in the Russell House; Mr. Travers, and his solicitor, Mr. Smith and I.

Q. Who was Travers' solicitor? A. I think it was Mr. Hunter, of Toronto. I had never met him before.

Q. A gentleman with spectacles? A. Yes, and a reddish beard.

Q. Did this occur on the date I mention, the 30th November? A. No, that occurred, I think, the day before. The parties were brought together, and as I recollect it Mr. Smith and Mr. Travers arranged a settlement, I think, of \$1,800, payable by a note at three months, or something of that sort, and I was informed by Mr. Smith of the settlement. Then, on the 30th November, Mr. Travers called at my office with the object of paying the costs.

Q. Was this settlement arranged between Smith and Travers on that date or the date previous? A. I think it was the day previous.

Q. Were you present when the settlement was arranged? A. No.

Q. Undoubtedly, your instructions were, if not settled you must prevent the issue of the certificate? A. No, they hardly went to that extent. I questioned Mr. Smith with regard to that, and he said he had no material on which he could oppose the certificate unless he issued a writ. I asked him if there was any means by which he could delay the issue by the Treasury Board, and he told me he did not know anything, except there were four or five names which should not be on the affidavit as shareholders on account of their subscriptions being cancelled, or something of the sort, they might be on the schedule. I attended the Department of Finance and I saw the affidavit filed by Mr. Travers and the schedule, and as far as my recollection goes these names were not.

Q. Did he give you the names? A. Yes, I think I took them on a small piece of paper, and I was up at the Department for five or ten minutes.

Q. Would you recognize them if I were to read you the names? A. It is a considerable time ago. The only one I have any recollection of was the late Senator Merner; I recollect his name.

Q. Did he say anything about a writ which had been issued in Toronto, Mr. Smith? A. No, he did not.

Q. Did he mention anything about Mr. Laidlaw's clients; could we in any way get at what names they were through any collateral matter he mentioned? A. No, he did not mention them. You see he had been discharged, as I understand it, before the material had been prepared, and it was a matter of guess work on his part.

Q. And he gave you such names as he could, and you say you did not find them? A. That is my recollection; the search was unsatisfactory.

Q. Who did you see in the Department? A. I saw Mr. Boville.

Q. Did you explain to him what you wanted? A. I told him I wanted to look at the names on the schedule to the affidavit to see if certain names were there, and he showed me the schedule, and I looked at it and left.

Q. You did not tell him the purpose of your search, did you? A. No, I did not, because to be quite candid I was afraid of blocking the issue of the certificate.

Q. I thought your client wanted that? A. No, he did not; he wanted if it came in the proper way; if he were compelled to he proposed to issue a writ of summons, file it with the Department, and ask for a day before the Treasury Board to be heard.

Q. You knew, anyway, he wanted his money on this claim before the certificate issued? A. Yes.

Q. The idea was to prevent that in some way? A. To avoid litigation.

Q. To avoid the issue of the Treasury certificate? A. On our part it was to avoid litigation.

Q. You wanted a settlement? A. Yes.

## SESSIONAL PAPER No. 153a

Q. The litigation would have been directed towards stopping the issue? A. No, the litigation would have been directed towards collecting the claim, and meanwhile I suppose Mr. Smith had intended to go up and carry on what investigation he could into the matter and ask the Treasury Board to delay the issue of the certificate.

Q. You proposed to file a copy of the writ with the Finance Department? A. That was it.

Q. You did not get that far? A. As I say, the matter was settled by the parties before it came to that point.

Q. Did you say anything to Mr. Boville about your client, Smith? A. I do not recollect, Mr. Hodgins; I may have mentioned to him for whom I was acting; I cannot recollect definitely.

Q. Having brought the parties together, was the settlement carried out in the Russell House, as far as Smith was concerned, apart from the costs? A. As far as I recollect, the settlement was in the nature of a note at three months given by Mr. Travers to Smith.

Q. Did you hear that from Smith? A. Yes.

Q. Did you see the note? A. I have no recollection of seeing it; the great difficulty, as I said before, in the matter, was to bring the parties together on account of the treatment which Smith had received from Mr. Travers.

Q. The claim was about \$2,500? A. Yes.

Q. To come to the interview with Travers, he came into your office for the purpose of settling the costs? A. Yes.

Q. And had you set the costs at that time? A. The costs had been agreed upon by Mr. Smith and Mr. Travers, that was part of the settlement.

Q. At what rate? A. I was to get \$100.

Q. You had stated that to Smith? A. Mr. Smith rang me up and told me of the settlement and asked me if that would be satisfactory, and I said yes.

Q. When was the note given to him? A. I cannot recollect that, Mr. Hodgins. I do not know that I was ever aware of the delivery of the note.

Q. Did you get a cheque from Travers? A. Yes, at that interview.

Q. Then was the interview confined to his giving you a cheque for the \$100? A. Possibly the best way would be to describe the whole interview. Mr. Travers, as I say, arrived at my office some time after four o'clock in the afternoon; he appeared to be quite excited, and at the same time to be in very excellent humor. He informed me that he had just concluded a very strenuous examination by the Minister of Finance in connection with the affidavit which he had filed. I have a table in my office and he sat on the opposite side of the table and called for a blank form of cheque to pay my costs.

Q. He called for a blank form? A. He asked for a blank form.

Q. On what Bank? A. I have no recollection; I presume the cheque can be obtained. He then wrote out the cheque and threw it across the table to me. I looked at the cheque and I saw it was for \$110. I said to him, "Mr. Travers, I understood from Mr. Smith that the costs were fixed at \$100," and he said to me something of this sort, "I am very well pleased with the settlement that has been arrived at and have been well treated, and I would be very glad to add something to the cheque, as I may have to ask for the use of your office, and ask you to draw some papers for me." I said "It is quite unnecessary to add anything to the cheque for that purpose; I would be very glad to have you use the office". He said "I will have some further business with you in Ottawa, and I want to be on good terms," and he was in very excellent humor. That is as I recollect it.

Q. He left the cheque with you? A. Yes, which I deposited in the bank in due course.

Q. And went away then? A. No. Subsequently to that we had some conversation about various matters, and he showed me a letter which he had been



handed by the Minister of Finance. My only recollection about that letter is that it was wet from the letter-press. He tossed it over to me and asked me what I thought of it. I read the letter and I really did not take in what the letter meant as I had no knowledge of the particular point that the Minister of Finance wished to bring out.

Q. Look at that letter, 30th November, copy of the letter there in the Return and see if that is the letter you saw? A. I cannot identify it from memory but I have no doubt that is the one, I read it very casually.

Q. What is the impression left on your mind as to what it was about? A. The impression left on my mind was this that Mr. Fielding had examined Mr. Travers orally on the items contained in the affidavit.

Q. Had you seen the affidavit? A. I had seen it previously. I had seen it before on behalf of Smith. Mr. Fielding had on concluding that oral examination asked Mr. Travers to give him a letter covering the ground on which he had examined him, and I presume that was the case.

Q. What did he ask you to do or say, what did he give you the letter for? A. As I say, it was handed to me in the most casual way, and I read it and tossed it back to him, and then we had some conversation about it, and I am not perfectly certain, but I think he asked me what reply he ought to make, or something of that sort, and I pointed out to him that I was in no position to advise him on the reply he should make to this letter, as I was absolutely unacquainted with the circumstances. Then I left the office for the day, very shortly after that. He said "All right", and stuck the letter in his pocket. He said "You will have no objection to my using your office to dictate some letters", and so forth. I said "Not the least in the world, I would be delighted to have him use the stenographer"; and as far as my recollection goes he stayed in the office and did dictate some letters. My recollection is that as I left the office he was walking up and down smoking a cigar and dictating.

Q. Did you see what he dictated that day? A. No, I did not; and I have not seen Mr. Travers from that day to this.

Q. Mr. Travers has been examined in a case against Messrs. Stratton and Warren, and he says this—I would like to ask you what you say about it—he is speaking now of the fact that he had borrowed the money, he borrowed it personally from the Trust & Guarantee, and he speaks of the letter that he wrote in order to get the certificate, the one probably dictated after you left: "I paid the money in on account of the subscribers, that is the way I looked at it at the time".

Q. In that way it was you justified the statement made by you? A. Yes, I took legal advice upon it, and they told me it was, and I wrote the letter accordingly.

Q. Would that statement apply to legal advice he got from you? A. That may be Mr. Travers' recollection. I have endeavored to give you my recollection, and I can swear positively that I did not advise him on that subject. I was going to say, you called attention to Mr. Hunter being in Ottawa, Mr. Hunter was the Bank's solicitor, and I presume if Mr. Travers wanted legal advice he would have gone to Mr. Hunter?

Q. Yes, but Mr. Hunter had left for Toronto on the 28th, and was not in town on the 30th? A. That just occurred to me in that connection.

Q. I want to put to you what he said, so that we may clear the thing up? A. Yes.

MR. COMMISSIONER: He has told you he did not advise him.

MR. HODGINS: In this examination in the prosecution of Warren and others he made an answer there saying with regard to the \$100 which was paid you: "That \$100 were for Smith's services, and \$10 was for some little advice I asked him about"? A. I presume that is Mr. Travers' way of putting it. I have told you what occurred as far as I recollect.

## SESSIONAL PAPER No. 153a

Q. I am giving you these extracts so that if Mr. Travers is not telling the truth you can say so. Speaking of Guthrie and Pringle he says: "Guthrie charged \$100 for settling it and \$10 he charged me for some advice to me. I asked him what he thought of Fielding's letter to me."

"Mr. Corley: What did he get the \$10 for? A. I got him to read over the letter from the Finance Minister.

"Q. Complaining that your proceedings were not regular? A. Yes, I explained the matter to him, and I suggested the reply, and he said it was all right; that is my recollection.

"Q. You paid him \$10 for that? A. I paid him \$10 for that.

"Q. For saying it was right? A. Yes, for saying it was right".

That is covered by your previous answers? A. Yes, my answer to that is what I said previously. You must remember I have not read Mr. Travers' examinations and I am giving you the best recollection I have in the matter.

Q. He says further at page 476 in the same examination:

"Q. Your affidavit had been filed with the Department? A. Yes, it had been filed and I explained the circumstances to Mr. Guthrie.

"Q. What circumstances? A. The circumstances of the subscription, the amount shown having been applied by borrowed money, and if I remember right Mr. Hunter left for Toronto that night, and the next day I prepared the answer to Mr. Fielding and showed it to Mr. Guthrie, and I think with some slight changes it went on, and that is all I remember." A. With regard to that I have to say that Mr. Travers did not, so far as my recollection extends give me any information of that sort, nor did he submit to me the reply. I think possibly if you would look into the records of the Finance Department you will find the letter went back that afternoon.

Q. That is quite right it did; you are not sure as to what Bank that Cheque for \$100 was on? A. I cannot recollect.

Q. Is that all your connection with the matter? A. That is everything I had to do at that particular time. I was engaged as Counsel when the original charter of the Bank was granted.

Q. Did you see Travers produce any blank cheque or cheques on the Farmers Bank, blank but on the Bank form, or signed by any one during the time of your discussion with him *re* Smith or in connection with your own fees? A. No, sir, I did not.

Q. Because it will be shown that there were three blank cheques sent down to him here? A. In regard to the cheque which he gave us I feel perfectly certain that it was not on the Farmers Bank.

Q. I think you are quite right there, it is a Traders Bank cheque? A. It was not on the Farmers Bank, I feel certain and I never saw any other cheques.

Q. Probably these were Traders Bank cheques, they were keeping their account in the Traders Bank then. Mr. Travers said he paid \$1,800 to Smith by cheque? A. My recollection is that it was a three months' note.

Q. That is what I suppose somebody told you, you did not see it? A. Mr. Smith told me that was the terms of the settlement.

Q. You did not hear from Mr. Travers? A. No.

MR. COMMISSIONER: Where is Smith? A. I could not say. He was in Vancouver the last I heard of him.

MR. HODGINS: I think he helped to get subscriptions for the Vancouver Bank? A. Yes.

Q. And he is out there now? A. Yes, he is doing business out there now.

Q. Perhaps you can tell us whether your brother, Mr. Hugh Guthrie, M.P., was in town in Ottawa at that time? A. I am perfectly certain he was not.

Q. At all events the Mr. Guthrie that was seen was yourself? A. Yes, myself, a member of the firm of Pringle & Guthrie.

## W. S. CALVERT, Sworn, Examined by—

MR. HODGINS: You were Member of Parliament in 1906? A. Yes.

Q. Still? A. No.

Q. You were at all events a member of Parliament during the Session of 1906 which began some time in November? A. I was from 1896 to 1909.

Q. Do you know W. R. Travers? A. Yes.

Q. How did you become acquainted with him? A. The first time I met Mr. Travers was in the Russell House by letter of introduction from Mr. Thomas Urquhart, Ex-Mayor of Toronto, he had evidently given a letter to Mr. Travers asking me if I would be good enough to introduce him to the Minister of Finance as he did not know him.

Q. Do you remember when that was? A. That would be about the time he received the certificate, I suppose 1906.

Q. You had not known him before? A. I never met the gentleman before.

Q. He presented a letter to you, what did you do for him? A. He sent up to my room and I told the boy I would see him when I came down, and I was going up to the house, so I suggested that he would walk up with me, and we called at the office of the Finance Minister and waited a few minutes till he came in, and I introduced him in accordance with the request of the letter.

Q. How long did you stay with them? A. Probably two or three minutes.

Q. Is that all? A. Yes.

Q. Did you vouch for him at all to the Finance Minister? A. I knew nothing of the gentleman except what the letter said.

Q. What did you tell the Finance Minister about him? A. I presume I said, "This is Mr. Travers, as Mr. Urquhart has advised me by letter, who is probably in connection with the Farmers Bank", and about his business there, that was for Mr. Fielding to decide.

Q. Nothing you said to him would tell Mr. Fielding much about him? A. No, because I knew nothing of him whatever.

Q. You did not profess to give him any certificate of character? A. I had never heard of the gentleman before.

Q. Was that on the same day he got his certificate, do you know? A. I could not say that, I do not know how long it was after that he received his certificate, but I presume it must have been some days later than that.

Q. He was not in Ottawa on the 27th; he swore an affidavit in Toronto on that day? A. I cannot tell you anything about the date because I made no note of it; I was not interested except to carry out Mr. Urquhart's suggestion.

Q. Your name was mentioned by him as one of the Provisional Directors on the prospectus which he attached to his affidavit? A. Was that at the time he applied for the certificate?

Q. Yes? A. I cannot help that.

Q. Did you know it? A. I did not know it. The only thing I knew about it was I had a phone message from Mr. Lindsay, I think it was, from Toronto, asking me if I would go on the Board.

Q. W. J. Lindsay? A. Yes, and my recollection of it would be that was the time they were forming their Board after they had their certificate, and probably the first meeting of the Board.

Q. You think it was after they had got their certificate? A. I cannot say positively; that is the only recollection I have of it. I said no, that I had no interest in the Farmers Bank, I had no stock in the Farmers Bank, and that I did not wish to have anything to do with it.

Q. This was after you had introduced Mr. Travers to the Finance Minister? A. I think so, it must have been, because I did not know Mr. Travers before.

Q. How would it be possible they would give your name on a prospectus

## SESSIONAL PAPER No. 153a

issued prior to the 27th November, 1906? A. I have not the slightest idea how it could be done, I cannot give the dates, whether it was before or after because I paid very little attention to it.

Q. If Lindsay states that you had given him authority to put your name on what would you say to that? A. I would say Mr. Lindsay was mistaken; I believe they did put it on because I saw it in the papers and as far as I remember I had to write and ask them to please remove it as I did not wish it to be on.

Q. Did you see Mr. Fielding after the interview at which you introduced Mr. Travers? A. In regard to this matter?

Q. Yes, in the next few days? A. I do not remember of ever having a word with Mr. Fielding after I introduced him with regard to this matter.

Q. When did you first hear they had the certificate? A. I cannot tell you that.

Q. Did you interest yourself in it at all? A. Not in the slightest.

Q. You did not go over to Finance Department? A. No, never except that once.

Q. To assist Mr. Travers? A. No, not that I remember of.

Q. You were Liberal Whip at the time, were you not? A. Yes.

Q. Did Mr. Travers ask you to assist him? A. I do not recollect of Mr. Travers asking me anything excepting the letter he presented when I introduced him to Mr. Fielding.

Q. Mr. Travers says that he told you there was some delay in getting the certificate and asked you to give him some assistance, and that you took him down to Mr. Fielding, and that you had an interview there for about 15 minutes, and perhaps half an hour or so? A. I think that was the first time.

Q. That is the time of the introduction? A. Yes, I do not remember of any other.

Q. Would you be fairly describing it in that? A. I left him there with Mr. Fielding and went over to the House. My recollection of it is I only remained a few minutes because I knew nothing of the matter whatever.

Q. He is asked: "Q. Did he assist you? A. He said everything he could favorable to me at the time, and did what he could to induce the Minister"? A. The only recollection I have of what I said is, "This is Mr. Travers, if he has everything proper and legal I presume he would be entitled to his certificate", that is all I can recollect I said in regard to the whole matter.

Q. Is it unusual for the Whip to interest himself in these matters with Ministers? A. Not unusual, but in this case I did not happen to be very much interested.

Q. It is said he has very considerable influence when he does? A. I do not know that he has more than another member but in this case I was not interested in any shape or form, I did it at the solicitation of Mr. Urquhart, whom I knew very well.

Q. Had you any money dealings with Travers? A. Yes—

Q. At that time? A. No.

Q. Or afterwards? A. About three years afterwards, yes, business transaction purely.

Q. I do not know that I want to go into that? A. You may if you like.

Q. But probably as it has become public you may as well tell us about it; when was it? A. It was in July, 1909, about three years after this certificate was issued. I happened to be in Toronto, I was interested in connection with the Thermos Bottle; I had some interest in connection with that and I had asked one or two friends to join me in buying out the Thermos Bottle Company, of Montreal, of which Mr. R. J. Copeland is one. I left Mr. Copeland's office and dropped into the Farmers Bank and said, "Can I get two or three thousand dollars if I require it on a business proposition?" He told me I could.

Q. Had you seen him between November, 1906, and January, 1909? A. I had never seen Mr. Travers except once or twice at the King Edward Hotel in a casual way.

Q. Did he say yes before you told him what the business proposition was? A. No, I told him what the proposition was.

Q. What did you get in that way? A. I got \$3,000 on a demand note.

Q. Made by yourself alone? A. Yes. I have never had anybody join with me on a note yet.

Q. Did you get it that day? A. No, because the business was not concluded that day. Mr. Copeland and myself came to Ottawa, met a gentleman here along with Mr. A. W. Fraser and we closed the deal, and I gave a cheque for \$3,000 on the Farmers Bank. The next day I called and gave my demand note for it.

Q. Had you cheques of the Farmers Bank with you? A. No.

Q. How did you give it? A. Simply changed the form of another Bank.

Q. You had no account in the Farmers Bank? A. No, no account then or since.

Q. You gave it here on the Farmers Bank in Toronto? A. Yes.

Q. And went up that night? A. Yes, and gave my demand note the next day.

Q. How long afterwards was that paid? A. I have it right here, \$3,000, July 9th, 1909. And on the 22nd of the same month I paid \$750 of it. On December 1st, 1909, I renewed the balance for that amount, and I think there was some paid on the back of that.

Q. December 1st, 1909, you renewed the balance, \$2,510.82? A. Yes, that was with the interest, and \$750 I paid.

Q. You paid \$1,000 on the 3rd January? A. Yes.

Q. \$1,000 on the 13th June, 1910? A. Yes. Then there is the renewed there is the renewal of the balance, which I paid to the Trust Company; paid to the Trust Company \$585.04 December 31st, 1910, making the full payments; there was \$100 odd interest.

Q. In the original demand note that is all in your own handwriting I think? A. No, I did not write that. That was made at the Bank; all made by the Bank; I simply signed it.

Q. Look at that "loan W.R.T.", who wrote that? A. I cannot tell you anything about that.

Q. Did you get it from Mr. Travers himself? A. Certainly I did, just as I would from any other Bank.

Q. "W.R.T.".

MR. COMMISSIONER: That is the voucher of the Officer of the Bank? A. Yes.

MR. HODGINS: I want to ascertain whether he wrote it or Travers wrote it on? A. I did not write anything but my name. There is the letter that came with the renewal \$2,515.

Q. When did you become Commissioner of the Transcontinental Railway?

A. In October, 1909, that was when I left the House of Commons.

Q. The second one is the same, "Loan, W.R.T.", you do not know anything about that? A. No, except I paid it as shown, and I had nothing to do with the Bank or charter directly or indirectly in any shape or form, but purely my own business.

Q. The last one was paid to the Trust & Guarantee Company, who notified you they were the holders of the note? A. Yes.

Q. And that you paid? A. Yes, and they returned me the note.

Q. I think you did assist Mr. Travers in connection with the Customs Department at one time? A. Yes, he asked me in regard to the matter of a boat coming in.

## SESSIONAL PAPER No. 153a

Q. That was after this loan? A. I presume it was.

Q. The following month, it was in the summer of 1909? A. I cannot give you the date; I have had a great many applications from people for one thing and another; however, it was in the hands of the Customs men to decide the question.

Q. You did interest yourself? A. I simply told them what he advised me with regard to the boat and the age of it, and so on, and it was ascertained afterwards that they had really charged him quite sufficient.

Q. The effect of the correspondence was that you asked them to value it for the purpose of entry here at \$1,000? A. That is what he said it was worth.

Q. That is what you asked should be done? A. Yes.

Q. I have the date of that, 18th August, 1909, would you say that would be it? A. Yes, that may be it. That had nothing to do with this, because this was purely a business transaction for which I paid.

Q. Had you any interest in Colonel Munro's bank, the one who became President of this bank? A. Not the slightest.

Q. Or dealings with them? A. Not the slightest.

Q. Colonel Munro lives at Embro? A. Yes, or did live there.

Q. Is that anywhere near your home? A. No, quite a ways.

Q. You say you had no transactions with that bank, good, bad or indifferent? A. Good, bad or indifferent.

Q. Did you interest yourself in getting subscriptions for the bank? A. No.

Q. Are you a friend of W. J. Lindsay's? A. Just a casual friend; just happened to meet here; know very little about him, except seeing him over at the House of Commons there; he used to be over there frequently.

Q. He comes from over your way? A. No, he does not come from near my home.

Q. He comes from around St. Thomas, I think; had you any intimate acquaintance with him at all. A. No.

Q. You have never helped him to get any subscriptions? A. Nothing in the world.

Q. Or any one else? A. No, nor any one else.

Q. Is that all your interest? A. Yes, except I introduced the Bill for renewal, that was all.

Q. That is the Bill for 1906? A. Yes.

Q. At whose request was that done? A. I think it was for Mr. Urquhart.

MR. COMMISSIONER: I got the figures of the renewal, \$2,500; if you had paid \$750, how would it be as much as that on the \$3,000 note? A. I think there was \$200 I had received shortly after paying the \$750, a further loan of \$200, and that is what made the difference.

Q. About this Customs matter, the way the question was put to you it was as if you had asked the Customs authorities to value this boat at \$1,000, is that the way you put it to them? A. I cannot recollect exactly what I said. My recollection is that Mr. Travers said the boat was an old boat—I have forgotten how many years old, a very old boat, anyway—and that he was taking it in as a matter of pleasure; that it was not worth more than \$1,000, and he thought if he paid duty on \$1,000 it would be all that it was worth.

Q. Did you convey that to the Customs Officer as something coming from him or your own idea? A. I presume it was coming from him, because I did not know anything about it.

MR. HODGINS: I think probably it would be well to put in the letter that was sent to the Customs Department; probably that would settle the terms? A. I do not recollect it.

MR. COMMISSIONER: It was in writing? A. Yes; he said he would not bring it in at all if he had to pay more, because it was not worth it.

MR. HODGINS: I think perhaps it has been published? A. Yes, it was published at the time.

Q. And therefore there is no controversy about it? A. No.

The Commission adjourned at 3.45 p.m., to meet at 4 o'clock this afternoon at the Railway Committee Room of the Senate.

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Railway Committee Room, the Senate,

Ottawa, March 13th, 1912.

The Commission continued its session at 4 p.m. in the Railway Committee Room of the Senate.

RT. HON. SIR RICHARD CARTWRIGHT, sworn, examined by—

MR. HODGINS: You were a member of the Treasury Board of the Government in 1906? A. Yes.

Q. The certificate was granted by the Treasury Board, apparently, on the 30th of November of that year? A. Yes.

Q. Have you any recollection as to whether a meeting of the Treasury Board took place prior to the issue of that certificate? A. I think so. My recollection is that the matter was discussed at a meeting of the Treasury Board; that is to say, the question of issuing a certificate to the Farmers Bank was discussed at some meeting, but whether at that meeting they ordered the certificate to issue or not I could not say.

Q. I may tell you that the minutes of the Treasury Board that are produced prior to the 30th of November showing meetings extending during the month of October contain no reference at all to the Farmers Bank matter? A. That might easily occur.

Q. And Mr. Boville thinks it did not come up at that time? A. That might easily occur; I am speaking from recollection at this distance of time, but my recollection of the matter is that the question of giving a certificate to the Farmers Bank was discussed at some meeting, and I think that, probably, though there I am not quite positive, I think that probably this is what occurred: that the Treasury Board demanded if the various legal formalities had been complied with, and that it was understood that so soon as they were reported to be complied with that a certificate would issue; and we could not meet very often for various reasons at that time; many of our members were away; I remember that; after that a minute would be sent—this minute you speak of is probably initialled?

Q. Yes. A. That would mean that the Treasury Board could not meet; that the thing was sent round to two or three who would constitute a quorum and they would initial it, but that was hardly ever done unless the thing had been previously discussed.

Q. The effect of the previous discussion would be, as I take it, that if the legal formalities were complied with, the certificate would issue? A. That was the usual course, and that I think was what must have occurred.

Q. Would that necessitate the Treasury Board feeling itself obliged to go into the details, or would they act upon the report, say, of the Deputy Minister of Justice and of the Deputy Minister of Finance? A. That is all they would be likely to inquire into.

## SESSIONAL PAPER No. 153a

Q. In other words, the matter of the details would be left to the Finance Department? A. Yes, we would act on the initiative of the Finance Department exclusively; our business we considered would be to see that the legal details were complied with.

Q. Sir Richard, you would not, I suppose, yourself endeavor to ascertain by examination of the documents whether the legal requirements had been complied with? A. No, we would leave that to the Minister of Justice to report to us, or the Deputy Minister of Finance as the case might be.

Q. This appears to be the minute which is produced? A. I have no doubt it is as I told you.

Q. You see the initials there? A. The probability is (of course I can only speak of it as a probability) the probability is that the application had been considered at an ordinary meeting and that an understanding had been reached that when the full legal formalities had been complied with that should issue.

Q. If no meeting of the Treasury Board occurred between the time that the money had been deposited and the 30th of November, that would hardly have occurred, it would not have come up for consideration? A. I do not quite follow you.

Q. The deposit of the money with the Bank of Montreal and forwarding it to the Finance Minister is the first step that is taken preceding the application for the certificates of the Treasury Board? A. As a rule, yes.

Q. And if no meeting of the Treasury Board is recorded between that date and the 30th of November, would you say that it was possible that it might not have been considered at a meeting of the Treasury Board? A. I am speaking of my recollection of it, and my recollection of it is that the matter was mentioned at a meeting of the Treasury Board, but the exact date of it must have been prior to this minute that you showed me now.

Q. Would it be formally mentioned or informally? A. We do not keep a minute record of all the discussions and conversations that take place at the Treasury Board. A vast number of matters are brought up before us, sometimes we have had to deal with two or three hundred.

Q. You would not at all events expect that the discussion would take place at the Treasury Board prior to the application of the party interested for the issue of the certificate? A. No, I should say not.

Q. Then your recollection I suppose would be governed to a certain extent by whether or not a formal meeting did take place in the interim? A. I think it did.

Q. The reason I ask you that is, would it be possible that what you are speaking of would be some informal meeting or some discussion between yourself and perhaps some other member of the Board and the Finance Minister? A. Three will constitute a quorum, and I do not think any informal discussion did take place or could have taken place except at the Treasury Board; I have no recollection, in fact I am almost certain that that could not have occurred. If it was mentioned it must have been mentioned at the Treasury Board meeting.

Q. And your recollection is that it was mentioned? A. Yes.

Q. And it was mentioned at a meeting prior to the 30th of November, when this minute appears to have been as you say sent around and initialled? A. Yes.

Q. Beyond that one meeting occurring as you think it did, there would be no other occasion that the Treasury Board considered it? A. Not in my presence. I am not quite sure how many of those meetings I might have attended or not there are six members of the Board and three constitute a quorum.

Q. Mr. Boville, I think, was Secretary of the Board during that time? A. Yes.

Q. He told us Mr. Courtney had resigned and he was acting in his place until he was appointed Deputy Minister? A. Yes.



Q. So that he would of course know when the meetings took place, formal meetings? A. A record of that would be kept. Every formal meeting almost invariably transacts a certain amount of business and that is duly minuted and sent up to Council for confirmation.

Q. If it needs confirmation? A. It almost invariably does, I think in all cases that the minutes of the Treasury Board have no force until they are approved by the Governor in Council.

Q. I think the certificate to a bank is the action of the Treasury Board alone? A. You can look at the Statute and see.

MR. COMMISSIONER: That was Mr. Boville's idea? A. Mr. Boville ought to know, but my impression is we sent up everything that we passed at the Treasury Board.

MR. HODGINS: He said that probably 99% would go to the Council because they needed confirmation, but that a certificate to a bank would be one of those cases which need not go? A. It would be under the Statute.

HON. MR. BRODEUR: What about insurance?

MR. HODGINS: Yes, insurance.

Q. Could you tell me as a matter of memory whether in connection with the Farmers Bank you ever heard of any litigation which was notified to the Department? A. No, of that I am quite certain I did not from any party.

Q. Did you hear of any information having reached the Department of the Finance Minister as to the method of raising the money to deposit with the Finance Minister? A. To the best of my recollection nothing at all.

Q. In fact I take it that so far as the details are concerned they never came before you? A. All that the Treasury Board as far as my recollection goes in this or in other cases would do would be to see or to inquire whether the legal formalities had been complied with.

Q. Following that up we know that the Deputy Minister of Justice advised on the 28th of November on documents which arrived here on that date, because they were sworn in Toronto on the 27th, then this is issued on the 30th, could you say whether you had or had not when this memorandum was sent round the documents on which the Deputy Minister had advised or given his opinion that it could be issued if they were accepted? A. That I could not say from recollection, I don't think we had.

Q. I suppose if this were sent around this would first be initialled by Mr. Fielding? A. Generally, yes.

Q. You would not expect to sign it first if it emanated from the Finance Department? A. Not if he was present.

Q. I suppose if you found it signed by him you would then sign it without insisting you should see—? A. All that I would be likely to require in a case of that kind unless under very special circumstances would be the assurance of his Department that the legal formalities had been correctly carried out.

Q. Would that be certified to you from the fact that Mr. Fielding himself had initialled this minute before it reached you? A. We would so consider it.

Q. Was there any system of notification of the members of the Treasury Board so that it might be properly called each time it met? A. Yes, as a rule notices were sent to us from the Finance Department calling a meeting at such and such an hour on such and such a day.

Q. That of course would not apply to a case such as this where the minute is sent around? A. I presume that there may have been difficulty owing to pressure of business in getting the Treasury Board together; it is only under such circumstances. That is rather exceptional, it is not often that a minute of that kind is signed.

SESSIONAL PAPER No. 153a

HON. L. P. BRODEUR, sworn, examined by—

Mr. HODGINS: You were a member of the Government and of the Treasury Board in October and November, 1906? A. Yes, sir.

Q. I do not know whether we can shorten it by asking you, having heard Sir Richard Cartwright's evidence whether your own would be the same upon the same points or whether in any matter your recollection differs from his? A. I must admit very frankly that I have not any distinct recollection that even I signed that document until I saw it yesterday; I think Mr. Thompson called my attention to it. You see we have so many of those questions which come up, and I must tell you very frankly I do not remember the case of the Farmers Bank, but I am sure I had something to do with it since I signed it; but there are so many cases of that kind that I am not liable to remember exactly what occurred in connection with this case, and I suppose with regard to others.

Q. Have you any recollection following what Sir Richard said about the matter having come up for discussion at a meeting of the Treasury Board? A. I have no recollection with regard to that; it might have happened when I was not there, and we might have had some meetings outside. Generally we met in the office of the Finance Minister in the eastern block; sometimes we met in Council, sometimes we met in the ante-chamber of the Council, sometimes we met in his room across the Commons; I have no distinct recollection; and besides it was a matter which was not concerning me particularly, this matter of the Farmers Bank, so I do not remember exactly the circumstances connected with it.

Q. Really your evidence would come to this, that you have no recollection at all of the matter, and would not have recollected that such a thing had gone through unless you had seen your initials? A. I do not say what Sir Richard said is not correct, quite the reverse, because he might have a better memory of those circumstances; it was a matter coming from Ontario and he was supposed to give more interest to the matter than I. Of course when I signed the document I must have made some inquiry as to the nature of the document and how it came about, but to tell you that I remember some particular instances I do not.

Q. You have no recollection, as I take it, at all, and if you had not seen these initials on of yours you would not have supposed—? A. I would have forgotten I had signed it.

Q. You would not have even remembered the Farmers Bank had come up before you? A. Yes, that is right.

Q. So that I suppose we may take it that Sir Richard has described pretty well how the document would come to be signed? A. Yes, although it was not entered through the minutes of the Treasury Board we were discussing informal questions there at the meeting of the Treasury Board and later on a minute would be made, and it would be probably passed upon that.

Q. That is argument, not recollection? A. That is the way that would be done.

Q. You know that possibly in other cases and possibly in this it may have happened in that way, but you have no recollection about it? A. No.

Q. You cannot throw any light on the real details of the case? A. No.

Q. Or what you had before you when you did sign this? A. No.

Q. You heard of no litigation pending in connection with this matter?

A. No.

Q. Nor of any question as to how the money was being raised? A. No, generally rely on Mr. Fielding with regard to those questions.

MR. COMMISSIONER: At some stage communication should be had with Mr. Fielding in order to ascertain whether he desires to be heard to give his evidence.

MR. HODGINS: Yes, I think that would be very desirable; I would be very glad to have him give evidence.

MR. COMMISSIONER: Perhaps Mr. Thompson might speak to—I do not know whether that would be wise—his former chief, and find out whether he thinks Mr. Fielding would desire to be heard. I think it would be better to find out if he desires to state the circumstances under which the certificate was issued.

MR. HODGINS: One might not get Mr. Fielding's own mind.

MR. COMMISSIONER: I should fancy it is very probable you would get the answer he thought he would; but I do not know.

MR. THOMPSON: If I can find his address in London I could wire.

MR. MIKEL: You could see Sir Wilfrid first and see what he says. I should think it would be very important to have Mr. Fielding's evidence.

The Commission adjourned to meet at the Court House, Ottawa, March 14th, 1912, at 11 A.M.

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### THE COURT HOUSE, OTTAWA, MARCH 14th, 1912.

The Commission resumed its sittings at 11 A.M. in the Court House, Ottawa, March 14th, 1912.

#### PRESENT:

The Commissioner, SIR WILLIAM MEREDITH.

FRANK E. HODGINS, K.C.

JOHN THOMPSON, K.C.

WILLIAM LAIDLAW, K.C. and I. E. WELDON.

MR. HODGINS: I have a letter from Sir E. Clouston saying that he is unable to travel at present owing to an attack of neuritis. "In any case", he says, "The secretary of the Bankers' Association will be with you and he is more thoroughly informed about all matters connected with the bank than I am". Mr. Knight is here, and it may be possible to get along without Sir Edward Clouston.

MR. COMMISSIONER: I do not see what you want him for; you have all he did, all that is relevant, have you not?

MR. HODGINS: No, we have not, as I am instructed.

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#### JOHN KNIGHT, Sworn, Examined by—

MR. HODGINS: You are the secretary of the Bankers' Association? A. Yes, sir.

Q. Which is incorporated by Act of Parliament and has certain powers?

A. Yes.

Q. And you were secretary in October and November, 1906? A. Yes.

Q. Do you remember taking any step with regard to the Farmers Bank in November or December 1906? A. No, I think it was in January, 1907—I am doubtful, but the bank was in operation.

Q. I am told that the date as sworn to in the other matters, of your interview in Toronto is the 18th December, 1906? A. At all events I was at its birth and at its death.

## SESSIONAL PAPER No. 153a

Q. There was only one interview you had with Beattie Nesbitt and Mr. Travers at Toronto in the bank? A. Yes.

Q. Shortly after the certificate had been granted? A. Yes.

Q. If you cannot recollect the exact date I will have to prove that by some one else? A. Yes.

Q. What was the occasion of your visit? A. Ostensibly to examine the circulation, the supervision of which is entrusted to the Association, and my purpose was to prove if there was any justification for the suspicions that we had that the stock list was not what it should be, and if possible to obtain cancellation of the certificate on the ground that it had not been granted according to the Act.

Q. Did you go to Toronto then? A. Yes.

Q. Your headquarters were in Montreal? A. Yes.

Q. And visited the bank premises? A. Yes.

Q. Who did you see there? A. Beattie Nesbitt and Travers.

Q. What was Beattie Nesbitt's position? A. President.

Q. And Travers? A. General Manager.

Q. What took place between you? A. Our interview followed a visit of mine to the bank where the money paid in by the so-called shareholders was deposited.

Q. What bank was that? A. The Traders Bank.

Q. What occurred when you saw these two gentlemen? A. I found that the amount deposited was not nearly sufficient to warrant the supposition that the money had been deposited at Ottawa, so I went to the bank and saw Mr. Beattie Nesbitt and Mr. Travers; of course it was not a very pleasant interview.

Q. Explain that a little more, you went to the Traders Bank and found out? A. My object there would be the object of any bank man, to ascertain if the money supposed to be deposited pending the granting of the certificate had been made.

Q. What did you find from the records there? A. I found a shortage.

Q. To what extent? A. Speaking from memory about \$100,000 which later events have proved was the case.

Q. How much did you find on deposit there? A. About \$150,000.

Q. To the credit of the Farmers Bank? A. Yes.

Q. Then come to your interview which was not a pleasant one? A. No, it was decidedly unpleasant. Dr. Beattie Nesbitt was blustering and contended that the Association (and very properly) had no right to inquire into anything except the circulation. Well, I insisted upon having certain questions answered, and Mr. Travers and Dr. Beattie Nesbitt at last produced a very satisfactory looking stock list, and I then, you may as well have the entire story, telephoned my suspicions to Ottawa.

Q. I want to get it step by step; they produced an unsatisfactory list, did you look at it? A. Yes.

Q. Did you examine the books of the bank? A. Yes, such as they were.

Q. What did you find in the books of the bank? A. A stock list—

Q. MR. COMMISSIONER: I do not think that is the proper way to prove it; we must get the original sources.

MR. HODGINS: I propose to.

MR. COMMISSIONER: I won't allow any examination as to the contents of these documents or books.

MR. HODGINS: Mr. Knight will have to attend in Toronto. I do not see why he cannot tell the results of his examination.

MR. COMMISSIONER: It is elementary, he cannot tell the contents of a written document.

MR. HODGINS: I am afraid you will have to come to Toronto? A. I may as well tell you, if you were to show me today what I saw four five years ago I would not swear to it.

Q. You examined some books there, we have that far? A. Yes.

Q. Was that in the morning? A. I think about mid-day.

Q. Was anything else except the stock list and the books such as they were produced to you on that interview? A. I think there was a roll of linen with the names very like a theatrical bill of fare.

Q. What names? A. With the names of the supposed contributors to the stock.

Q. Had you any conversation with regard to either the books or the stock list or the results of your examination either with these two gentlemen? A. Yes, a great deal.

Q. What was the conversation? A. Not nice.

Q. So far as it relates to this matter and as a matter of business let me have it.

Q. I told them that to the best of my knowledge and belief there was something wanting and I asked for proof and I did not get it.

Q. Did you define what the something was? A. I wanted to know where the missing \$100,000 was.

Q. You wanted to prove, you say? A. Yes.

Q. Did they allege anything about it? A. Yes. The rest of the story has been made known in the Courts of Toronto; they borrowed.

Q. What did they say about it? A. They said nothing except that I believe (I am just stating from memory) I believe they hinted that Mr. Stratton representing the Trust Company could show that they had the necessary amount on deposit at that Trust Company, in fact I think I saw a receipt.

Q. At that interview? A. No, I think there must have been two interviews that day; I think it was in the afternoon that Travers told me that by going over to the Trust Company I could ascertain the truth of his statement. I then attempted to find Mr. Stratton and I failed until late in the afternoon and I then communicated to Ottawa.

Q. Did you find him though? A. I never found him.

Q. Going back still to that first interview what did they say about this \$100,000; if they said anything I want to know what it was? A. I do not know.

Q. You were there asking for it? A. I know that.

Q. Tell me whether any explanation was or was not given on that morning interview? A. They claimed that they had the \$100,000.

Q. Were you satisfied with their assurance? A. No, I was not.

Q. Was there a second interview? A. I think so, but not with Beattie Nesbitt.

Q. Who was the interview with? A. I think, Travers.

Q. Were you shown anything on the second interview? A. I was shown a certificate of deposit, I believe.

Q. From what concern? A. Some trust company.

Q. Do you remember the name of it? A. It was the one presided over by Mr. Stratton, and at that time managed by Mr. Warren.

Q. That is the Trusts & Guarantee Co.? A. Yes.

Q. For what amount? A. I think \$80,000.

Q. Then did that satisfy you? A. No.

Q. Were the inquiries you mentioned a moment or two ago made in consequence of that, your not being satisfied? A. As proof that I was not satisfied I telephoned to Ottawa.

Q. Who did you speak to in Ottawa, who did you call up? A. I called up the Vice-president for this district, Mr. George Burn.

Q. Had you a conversation with him? A. Yes.

Q. How much of what you have told us here to-day did you relate to him over the telephone? A. It was very much condensed; I simply intimated that

## SESSIONAL PAPER No. 153a

I was not at all satisfied, and I recommended that Mr. Stratton might be located in order that he might explain why this money was given to the Farmers Bank, and the conditions under which the loan, if it was a loan, was made.

Q. And did that end your connection with the matter? A. Yes, with the birth of the bank.

GEORGE BURN, sworn, examined by:—

MR. HODGINS: You are the Vice-president in this district of the Bankers' Association? A. Yes.

Q. Have you a recollection of a telephone from Mr. Knight, the last witness, some time in December, 1906, in connection with the Farmers Bank? A. I remember receiving a telephone from him; I do not know the date.

Q. Can you fix it at all? A. No, it would be impossible for me to fix the date at this distance of time; to the best of my recollection the telephone was received in the evening.

Q. Do you know whether the certificate had issued to the Farmers Bank before the telephone message to you? A. I cannot say positively.

Q. Will you give me what the communication was as you recollect it? A. My recollection of the communication was to the effect that Mr. J. R. Stratton, of Peterboro, was either in Ottawa or coming to Ottawa, and he might possibly be able to afford some information in connection with the Farmers Bank.

Q. In relation to any particular object? A. More particularly in relation to the raising of money by the discount of notes, or something of that sort.

Q. For what purpose? A. In connection with the furnishing of money on the notes of the shareholders for the purpose of securing the certificate, I understood.

Q. Is that all you recollect Mr. Knight stated or did he give any details of what he had seen or heard in Toronto? A. I have no recollection of anything else taking place in connection with that.

Q. In consequence of that, did you do anything? A. I informed the Minister of Finance.

Q. Mr. Fielding? A. Yes. My recollection of that part of it is from the fact that I saw Mr. Fielding that evening.

Q. What did you say to him? A. I told him that Mr. Stratton was either coming or was then in Ottawa, at the Russell House, I believed, and that he might be able to afford some information with regard to the stories which were then current as to the raising of money in connection with the discount of the shareholders' notes.

Q. Had you anything more yourself to do with the matter after that interview with the Finance Minister? A. No.

Q. You did not take any steps yourself? A. No; you mean with regard to seeing Mr. Stratton?

Q. Yes? A. No.

Q. Or take any further steps in regard to it? A. No.

Q. Did you make any inquiries afterwards as to what, if any, action had been taken by the Minister? A. I was told that the Minister had seen Mr. Stratton and did not get very much information from him; he had promised to write him.

Q. And did you not intervene, yourself, actively at all other than what you have told us? A. I did not.

MR. COMMISSIONER: I do not quite understand what you went to Mr. Fielding for; what did you go to him for? A. I thought he might get more light on the subject.

Q. From Stratton? A. From Stratton, yes.

## T. C. BOVILLE, Examination continued.

MR. HODGINS: I do not know whether you can enlighten us at all with regard to that date Mr. Knight telephoned Mr. Burn; Mr. Burn said he saw the Minister of Finance, do you know anything about the time, was it brought to your attention? A. Not specially; I may have had a casual knowledge of it, it was not specially brought to my attention.

Q. Can you assist us in fixing the date?

A. I don't think I could be of any assistance to you.

Q. Had you occasion to see Mr. Stratton, do you know, in December in connection with that? A. No, I had no connection with the Stratton incident at all.

Q. Is this something you have brought this morning? A. They are some Orders in Council. There is the Order in Council in regard to a quorum.

Q. You produce then copies of three Orders in Council which I will put in as one exhibit. The first one is the 13th July, 1896, constituting the Treasury Board; this is the one that fixes the quorum. The second one is dated the 10th July, 1905, constituting Sir Richard Cartwright, Hon. Mr. Prefontaine, Mr. Paterson, Mr. Brodeur and the Minister of Finance, as Chairman, members of the Treasury Board. The last one is dated the 20th July, 1906, appointing Mr. Fisher. Did he replace Mr. Prefontaine? A. That I could not say. Mr. Prefontaine had died in the meantime I fancy; speaking from memory I think he died about 1906.

Q. It is not stated in the minutes that he replaces any one? A. No. —The three Orders in Council, dated respectively July 13th, 1896, July 10th, 1905; and July 20th, 1906, filed and marked as Exhibit 4.

Q. What was dealt with on that day the 26th October? A. Insurance only.

MR. COMMISSIONER: Are we not having copies of these minutes?

MR. HODGINS: Yes, I think we ought to have copies of the 24th and 26th October.

MR. COMMISSIONER: Let it be understood that certified copies of these may be put in.

MR. HODGINS: I want to put in this return; this is the Return? A. Yes, 110 B and C.

Q. That contains quite a good deal of the contents of the files? A. Yes. —House of Commons Return 110 B and C marked as Exhibit 5.

Q. There are one or two papers that I want that I think are on this file and are not in this Return Exhibit 5; I will be glad if you will run over them with me? A. Very well.

Q. I see here is a memorandum dated the 30th November, 1906, which is not copied, signed by yourself? A. That is a memorandum to the Minister.

Q. I would like a copy of that; was that supplied to the Minister? A. Yes, for him; it practically takes the place of a verbal communication between the Minister and myself.

Q. You said yesterday that what was handed to the Minister was the affidavit of Travers with the Exhibits referred to in it? A. Yes.

Q. Looking at this certificate would you still think that that was so, or was the certificate what you handed to him? A. That was also handed to him. What I said was correct with this; that takes the place of a verbal communication with the Minister.

Q. There is here a copy of an original document returned to Mr. McCarthy, 7th November, 1906; this is a copy? A. Part of the papers which were returned.

Q. It is a copy of the endorsement on the writ of summons? A. I presume it is, that is what it purports to be.

Q. You recognize it as a copy of the endorsement on the writ? A. Yes.

Q. You had retained that when you sent Mr. McCarthy the original. Here is one dated December 12th, 1906, from yourself to E. S. Clouston; that is not copied

## SESSIONAL PAPER No. 153a

in the Return: "I return herewith the letter from your Toronto manager which you were good enough to send me with your letter of the 10th inst. for my private information, etc.—" is that signed by you or Mr. Fielding? A. Signed by myself, that was a personal letter.

Q. Where is that letter; the letter itself was returned, but did you keep a copy of it? A. I possibly have a copy of it somewhere amongst my private papers.

Q. I understood that was on the file within a week? A. It is a private personal letter.

Q. It has been removed from the file? A. Yes.

Q. Why was it on this file? A. A memorandum for myself.

Q. Before its production here? A. Private and personal, purely personal.

Q. I understood it was a letter from the Toronto Manager of the Bank of Montreal to Mr. Clouston? A. Private letter from his Toronto Manager to Mr. Clouston and enclosed in a personal and private letter from Mr. Clouston to myself.

Q. Why did you make a copy of it for the file? A. Merely as a memorandum for myself.

Q. Why was it removed from the file? A. Because I did not think it had any relation to the file, being private and personal.

Q. You got that copy? A. Yes.

Q. I would like to have that produced; I expect Mr. Braithwaite here and I intend to examine him upon it? A. Very well.

MR. HODGINS: There are quite a number of documents on the file which are of a much later date, which refer to the matter I suggested yesterday, that is communications in that Tevis matter which took place in Syracuse and evidence as to which I will have to give in Toronto. These communications were made by the Superintendent of Insurance in the State of New York to the Department of Finance. I take it that under your ruling at present it would be unnecessary to go into this matter here. I see the force of your objection under the wording of the Commission and I would just like to run over these with Mr. Boville, so that we may have a list of them if it is necessary.

MR. COMMISSIONER: Let Mr. Thompson do that. You need not do it here now.

MR. HODGINS: Very well, he can do that. A. Mr. Thompson can have access to them at any time.

MR. COMMISSIONER: Is it at all suggested that this transaction in Rochester had anything to do with the failure of the bank?

MR. HODGINS: Yes, that will be part of the evidence in Toronto.

MR. COMMISSIONER: What could it possibly have to do with the failure of the bank? It showed the curious methods adopted by the management, that was all.

MR. HODGINS: Oh yes, it did.

MR. COMMISSIONER: It eventuated in nothing.

MR. HODGINS: I am not quite so sure that that did not affect the credit of the bank. I am not sufficiently informed as to the whole detail to be able to pronounce upon it at the moment, and that is why I would like to have a memorandum of these.

MR. COMMISSIONER: Let Mr. Thompson go over them and Mr. Boville will no doubt give all you ask for.

MR. HODGINS: There is just one memo here that I saw in going over the file, and I would like to ask you about it as a matter of interest; that is a memo of your own, is it not? A. Yes, in my handwriting.

Q. And you say in that memo that "The Farmers while not in the best position is not in such desperate straits as the Toronto bankers imagine". Would



that be made in 1909, in connection with the attached letters? A. Possibly; this seems to be just a jotting of what some one may have said; I do not know who said it.

Q. You have just put your initials at the bottom? A. Just to show it was put there by myself.

Q. Had you any information, were you intimately acquainted with the Farmers Bank so as to be able to write a memorandum like that? A. This is not my expression of opinion; that is meant to be the expression of some one to whom probably I had been speaking in the matter. We often had from time to time all through that period of the panic, we have had various conversations over the Farmers, one way and another, and that is a memo of probably what some one has said to me; not my own opinion.

Q. It is your handwriting? A. Yes.

Q. "From subsequent inquiries *re* annexed letter the genuineness of the supposed receipt has been denied by the General Manager of the Farmers and its relation to a mining deal at Haileybury is not established. The latter is only for small amount, \$20,000 and is one of Dr. Beattie Nesbitt's deals. The Farmers while not in the best position is not in such desperate straits as the Toronto bankers imagine"—that is somebody else's gossip? A. Yes, it was not my opinion.

Q. Would that have been put down just about the date, December 1909? A. I think that had something to do about the deposit receipt.

Q. The Syracuse matter? A. No, it did not matter. There had been a rumor abroad that a certificate of the Farmers was being hawked around the country and probably I had been making some inquiries from some one who knew.

Q. You put that on the file? A. Yes, but that had no relation to the file. That is one of those things which should disappear. In the Department we often put a memorandum.

Q. About banks? A. Other things; all sorts of things; merely for aid to memory.

Q. On the next file there are communications between the bank and the Department of Finance arising out of Mr. VanKoughnet's letter which is in the printed exhibit, and subsequent returns called for by the Government, explanations from the Traders Bank and so on; I understand that that, you think, under the Commission is not relevant to the inquiry.

MR. COMMISSIONER: No, I do not think so.

MR. HODGINS: Mr. Thompson might also make a note of those, so that if anything transpires later we might know what they are.

Q. This file is the one in connection with the liquidation? A. Yes.

Q. So that the same remarks might apply to that? A. Yes. Any document of which you want a copy you can obtain it through Mr. Thompson.

Q. Have you the cheque that was returned to Mr. Travers? A. Yes.

Q. You produce cheque for \$245,000.

MR. COMMISSIONER: That is for the money returned? A. Yes, the Finance Department's cheque.

MR. HODGINS: Dated the 30th November, 1906: "Pay to the order of the Farmers Bank of Canada \$245,000. Signed T. C. Boville," that is addressed to the Bank of Montreal, Ottawa; are those cheques payable at any branch bank of the Bank of Montreal anywhere? A. They are payable anywhere, practically, payable anywhere under the terms of the Bank Act.

Q. That is endorsed to the order of the Traders Bank by Travers as General Manager, and appears to have been received there on December 3rd, 1906? A. Yes.

Copy of cheque dated the 30th November, 1906, for \$245,000, from the Finance Department to the Farmers Bank, with endorsement, and stamp of Traders Bank to be filed as EXHIBIT 5A.

## SESSIONAL PAPER No. 153a

MR. BOVILLE: Do you wish copies of all these minutes? They are lengthy?

MR. COMMISSIONER: I do not know that it is necessary to put in something that has no reference to this matter.

MR. HODGINS: It may be sufficient if Mr. Boville will go over the minutes and say that no record appears of anything in connection with the Farmers Bank.

MR. COMMISSIONER: He has said that now. A. I have said that already.

MR. HODGINS: He refers to the meetings of the 24th and 26th October? A. Meetings immediately prior to the 30th November.

MR. HODGINS: The printed Return shows the letter of Sir Edward Clouston dated the 30th November, I think you said that would be received the next day? A. In the course of the mail, yes.

Q. The money that was deposited by Mr. Travers, that was sent by Mr. Travers; a copy of the letter is in and is dated the 23rd October? A. Yes.

Q. And the receipt is the same day; you acknowledged that on October 24th, that would show when you received it? A. Yes.

Q. And then when would the matter come up? I see you wrote Travers on the 24th, acknowledging the money and pointing out that there was opposition? A. Yes, that deposit has to be made under the Bank Act a month before the organization.

Q. And you then wrote Mr. Travers saying that opposition had been filed? A. Yes.

Q. And you got his letter dated the 29th October? A. Yes.

Q. That would reach you in due course of mail on the following day? A. Yes.

Q. And that is what brought forth your answer of the 31st October to Mr. Leighton McCarthy apparently, and of November 2nd to Mr. Travers? A. Yes.

MR. COMMISSIONER: When you mentioned opposition what did it refer to? A. Mr. McCarthy's communication.

Q. I gathered from what Sir Richard Cartwright said yesterday that his recollection of the practice was that his initials did not appear upon the minute where there had been a formal meeting held? A. Yes.

Q. That when it was impossible to get the members together, the practice was for the Finance Minister to initial and then for enough to make up a quorum to initial also; does your memory agree with that? A. If you will let me explain the method of procedure in connection with the Treasury Board. There are very large quantities of business to be dealt with, there are regular meetings of the Board which occupy probably two hours or two and a half hours' time. As a rule these are called by special notice and the minutes in those cases are prepared and signed by the Minister of Finance and they are usually sent on to the Privy Council. There are cases when there are very small amounts of urgent business, and in the rush of the session very often a meeting will take place either in the Privy Council Chamber or in the ante-chamber or in the House of Commons, it frequently happens; in those cases I may not be present, and the minutes in those cases are generally initialled by the members present as a verification to myself that there has been a meeting. I fancy what was done in this case of the Farmers Bank, and I think Mr. Fielding's statement in the House of Commons would bear me out, it was in the rush of the session, it was one item of business, he probably most likely had the papers with him, at two o'clock at a meeting of the Privy Council—there is a standing order for the meeting of the Privy Council during the session at two o'clock—he probably had the papers with him at two o'clock, and whether he consulted the whole Council or not, I do not know, but he evidently consulted the members of the Treasury Board who were present, and that was why they placed their initial on the document which I produced here.

MR. COMMISSIONER: As I understand you, you handed to the Minister of Finance, your certificate that the papers were in order? A. The cognate documents.

Q. In view of that, and the declaration of Travers that was contained in the papers you sent, how did Mr. Fielding come to write the letter of the 30th November; do you know anything about that? A. It was in consequence of these persistent rumours that were brought with regard to the irregularities, what may be termed irregularities, in the method of obtaining the necessary \$250,000; he wanted to make certain.

Q. Did you know Travers? A. No, not personally.

Q. You had no acquaintance with him at all? A. No.

Q. Had you any reason except in so far as suspicion might be cast upon his operations, to doubt his standing? A. None whatever; it seemed incredible to myself that a man who represented a list of shareholders such as he produced and who had been elected to the high and responsible position of general manager by directors should be other than he ought to be.

Q. Did what was done with regard to the issue of this certificate differ in any respect from what was done in the case of similar certificates? A. There was a slight difference, some.

Q. In what respect? A. We demanded from him an affidavit as to the actual amount of cash paid in by each shareholder, which was not done in previous cases.

Q. Ordinarily what would the Treasury Board or what would your Department require before granting the certificate? A. A production of the shareholders' list showing subscriptions to the extent of \$500,000, verified by affidavit.

Q. You did not get a copy of the subscriptions, but just a list of the shareholders? A. We take the list with the affidavit that this is a true list.

Q. And if nothing to arouse suspicion appeared you would certify it?

A. The Treasury Board accepts that as evidence.

Q. Does your certificate precede the certificate of the Department of Justice, or do you get that before you certify? A. I usually wait until after I get the certificate of the Minister of Justice, although that is not an invariable rule.

Q. Does not this inquiry suggest that a rubber stamp would be a good thing to have in your department to stamp your letters when they come in? However, you are not expected to express an opinion at once? A. There is so little of our business which really comes into a circumstance of this kind—

Q. Take a letter like Mr. Clouston's (perhaps in this case nothing turns upon it) it might have been most important to know the hour at which that arrived? A. With the returns of the bank we always do that.

MR. HODGINS: My recollection of Sir Richard Cartwright's evidence yesterday is that, owing to pressure of business, this memorandum was very often sent around without any formal meeting at all, and I understand you are giving your idea of what might have happened? A. Yes.

MR. COMMISSIONER: Sir Richard mentioned various things Mr. Boville has mentioned about the places where they might meet.

MR. HODGINS: Undoubtedly, there is the possibility. But the other practice was followed up of sending around? A. Occasionally informal matters relating to Departmental routine.

Q. You are not professing to say whether there was a meeting or whether there was an informal meeting this time? A. No.

MR. COMMISSIONER: Was it the practice in matters, except of routine, for the Ministers to initial the minute of the Treasury Board and that to be sent around with the papers to the other members without any meetings and they to initial, too, and then action taken upon it; do you know of any cases of that kind? A. Matters of importance, no.

MR. HODGINS: That seems to leave it just as unsatisfactory as ever. Sir Richard Cartwright said in connection with this very memorandum that his idea was that that had been sent around to him, that he had signed it, seeing the Finance Minister's signature there or initial? A. That would not be the practice.

## SESSIONAL PAPER No. 153a

Q. But you have no knowledge as to whether that was followed in this case or not? A. Not different; I could not say.

MR. HODGINS: Before you go I would like to have that letter available for Mr. Braithwaite? A. If you think it is material.

MR. HODGINS: Until I have seen Mr. Braithwaite and seen the letter I cannot say. Mr. Braithwaite has been subpoenaed and we have heard nothing from him. I think possibly we will have to telephone to Montreal. He may have arrived by the 12 o'clock train, and if you would adjourn now until some time this afternoon, if he is present, we will examine him then.

The Commission adjourned at 12.45 to 2.30 p.m.

At 2.30 p.m., Mr. A. D. Braithwaite, local manager of the Bank of Montreal, Montreal, did not appear under his subpoena, and the Commission adjourned to meet at 11 a.m., March 19th, 1912, at Osgoode Hall, Toronto.

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Osgoode Hall,

Toronto, March 19th, 1912.

The Commission resumed its sittings at Osgoode Hall, at 11 a.m., March 19th, 1912.

## PRESENT:

The Commissioner, HON. SIR WILLIAM MEREDITH;  
FRANK E. HODGINS, K.C.;  
JOHN THOMPSON, K.C.;  
WILLIAM LAIDLAW, K.C., and I. E. WELDON.

SIR EDMUND OSLER, sworn, examined by—

MR. HODGINS: You were a member of the House of Commons in 1906? A. Yes.

Q. You remember the time at which the certificate was granted to the Farmers Bank? A. Yes.

Q. Had you an interview on the subject of the Farmers Bank at all with Mr. Fielding, the Finance Minister? A. Yes.

Q. Was that before or after the certificate was granted? A. Before the certificate was granted.

Q. Was it at Ottawa? A. Yes.

Q. We are told that the House sat about the 22nd of November in that year? A. I do not recollect.

Q. We will have to prove that in some other way; was it after the session began in 1906? A. Yes.

Q. What was your interview with him, what occurred during that interview? A. I told Mr. Fielding that I had knowledge that the money that was deposited there was practically obtained by false pretences, that it was not *bona fide* money obtained by stock subscriptions.

Q. What money did you refer to? A. The money that was deposited with the Government pending the issue of the certificate.

Q. Did you go any more into detail? A. No, I told him that I knew, as a matter of personal knowledge that it was not a straight—

Q. What further was said, did the Finance Minister say anything or discuss it with you? A. He said he was very anxious about it, and it all passed off.

Q. That is practically all? A. Yes, that was all until after the certificate was issued, I again saw Mr. Fielding and said I was very sorry the certificate had been issued. He expressed himself as having been a great deal worried about the transaction, but said he was afraid if he had refused the certificate it would have been charged that the Government were favoring the large banks and did not want to establish new banks.

Q. How long after the granting of the certificate was that? A. It must have been a few days; it was as soon as I heard it had been granted.

Q. That is all that took place? A. Yes.

MR. COMMISSIONER: Were you connected with any other banking institution at that time? A. Yes.

Q. What bank? A. The Dominion Bank.

Q. That was one of the large banks? A. Yes, no doubt.

Q. Was your statement as broad as that the money that was on deposit had been obtained by fraud? A. I knew that part of it; I knew that they had been discounting these notes.

Q. That is what you mean by the discount of notes? A. Yes, it was not a straight—

Q. Because there are two suggestions made about it, one of which was the subject of an action, subscriptions to stock having been obtained by fraud? A. I know nothing about that.

Q. You were speaking of the way in which the money was raised by the discount of notes? A. Yes, to my knowledge.

Q. Of what notes? A. From discounting the notes of the subscribers.

Q. Did you intimate that to Mr. Fielding? A. Yes.

Q. Or was it in a general way that you made the statement? A. Oh, it was in a general way, but in a sense particular, because I made that statement.

Q. When did the interview take place? A. I have not a date; it was after the money.

Q. Where? A. In Ottawa.

Q. In the House? A. Yes, in the House.

Q. MR. HODGINS: In the Chamber itself? A. Yes, in the Chamber or in one of the Committee Rooms.

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ARTHUR DOUGLAS BRAITHWAITE, sworn, examined by—

MR. HODGINS: You were the Manager of the Toronto branch of the Bank of Montreal here for some time? A. Yes.

Q. Were you in 1906? A. Yes, I took charge in September, 1906.

Q. Did you know W. R. Travers? A. Yes.

Q. He was manager, afterwards became the general manager, of the Farmers Bank? A. Yes.

Q. Did you know in what position he was before the opening of the bank for business, which occurred, I am instructed, on the 2nd January, 1907? A. He was manager of the Merchants Bank in Hamilton when I first knew him.

Q. I mean immediately preceding the opening of the bank for business, when he came before the public as general manager, do you know what his position was immediately before that? A. No.

Q. You understood he was connected with the Farmers Bank? A. I understood he was getting up the Farmers Bank.

## SESSIONAL PAPER No. 153a

Q. Was it with you that he made the deposit for the Government? A. Yes.

Q. That would take place in Toronto? A. Yes.

Q. And your office issued the receipt for the money here? A. Issued a draft in favour of the Receiver-General at Ottawa.

Q. You received the money, though, here? A. Yes.

Q. And you gave a receipt which is sent down to the Receiver-General in Ottawa? A. We gave him a draft on the Bank of Montreal, Ottawa, in favour of the Receiver-General.

Q. Did he deposit the whole \$250,000 at once?

A. No, he deposited \$230,000 on the 16th October, 1906, and \$20,000 on the 23rd October, 1906.

Q. That would make, altogether, \$250,000? A. Yes, and on the same day we gave him a draft on Ottawa.

Q. Prior to his deposit of the \$20,000, had you any conversation with him? A. Yes, he called upon me at the Ontario Bank.

Q. What took place? A. He asked me to advance him \$20,000 against several notes of the subscribers of the stock to the Farmers Bank.

Q. Do you remember how long that was before the deposit of the \$20,000, generally speaking? A. A week or ten days.

Q. What was the amount he asked you for as a loan? A. \$20,000.

Q. At that time had he deposited the \$230,000? A. I am not quite sure as to that, but I think he had. He deposited that on the 16th, and I think his application would be somewhere between the 16th and the 23rd.

Q. What was the result of his application? A. I refused to make the loan.

Q. You communicated afterwards with your head office in connection with it, although not till after the certificate was granted? A. Not for some time afterwards, in December, I think.

Q. That was a letter to Sir Edward Clouston? A. Yes.

Q. Notifying him of the fact of the deposit and the fact of the application for the loan? A. Yes.

Q. Would that have reached him before the 30th November? A. No, the letter was only written on the 7th December.

Q. Of course, you don't know what he did with it; we have traced that in Ottawa; I suppose it is your letter to Sir Edward Clouston that was sent to Mr. Boville? A. I know it was sent to Ottawa, either to Mr. Fielding or to Mr. Boville, I don't know which.

Q. And subsequently was returned to you? A. Yes.

Q. And the date of that letter was the 7th December? A. Yes.

Q. And was it sent on that day, as far as you can remember? A. No, it was not sent to Ottawa until the 10th December.

Q. You sent it in the usual course? A. No, I think it did not go down till the next night, because I was under the impression I dictated it very late at night and it was too late for the mail.

Q. Except that interview with Mr. Travers that you have told us about when he applied for the loan, had you anything further to do with or come in contact with the organization of the Farmers Bank? A. Nothing at all.

MR. COMMISSIONER: Was the deposit made with your bank as financial agents or bankers of the Federal Government? A. Yes, I presume so; they have to get the drafts on Ottawa from us; I think we are the only people in Toronto who issue them.

Q. How was it you did not communicate earlier to Mr. Clouston, as he then was, the fact of this application to discount the notes? A. I do not think that I realized what it was; I was very busy at the time; it was in the office of the Ontario Bank in the head office, and I do not think I quite realized what it was, whether it was to make up the amount of the charter or what it was.

Q. Did that strike you as anything very much out of the ordinary? A. I cannot say that it did, particularly at the time.

Q. I suppose some subsequent event must have made it important, to give it greater importance in your mind? A. Mr. Coulson, the general manager of the Bank of Toronto, asked me to advise Mr. Clouston how the deposit was made; then it immediately flashed across my mind.

Q. Until then it had no particular significance? A. No.

Q. What was the reason you declined to advance the money upon the notes? A. I did not want to have business with Mr. Travers; I knew him pretty well.

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LEIGHTON MCCARTHY, sworn, examined by—

MR. HODGINS: Your name has been mentioned in the correspondence which has already been put in, published in the Parliamentary Return; you had correspondence between yourself and the Finance Department and Mr. Fielding? A. Yes.

Q. You are familiar with that correspondence; I need not go over it with you? A. I have my file here.

Q. I want to ask you whether in addition to that correspondence you ever had in the matter a personal interview with Mr. Fielding? A. I did not.

Q. There is something in the correspondence which indicates you were expecting to see him, that is why I want to know? A. Yes, in two of my letters I suggested I would do myself the pleasure of calling upon him with reference to the matter, but I never did.

Q. Who were you acting for in the matter? A. I was instructed by Mr. William Laidlaw, K.C., on behalf of his clients who are set forth in the letter to Mr. Fielding of the 19th October.

Q. Had you any personal knowledge except what you got from him as to the grievances of those that issued the writ? A. None whatever.

Q. In writing the letter it bears a little later date than that, telling him the claim was withdrawn? A. One letter suggesting I would call is dated 1st November; the letter withdrawing is on the 2nd November, the day after.

Q. The letter is dated November 2nd, that is the one written to Mr. Fielding? A. Yes.

Q. Saying that the objections which you made on their behalf to the issue of the certificate are withdrawn? A. Yes.

Q. On whose instructions did you write that letter? A. Mr. Laidlaw came in and told me that a settlement had been made, or arranged with these individuals whose names are set out in the letter of the 19th October.

Q. Am I right in assuming that we have in this correspondence all that took place between you and the Finance Department? A. Yes, you are absolutely correct.

Q. Had you anything to do with the matter either before or after that? A. None whatever.

MR. COMMISSIONER: By whom were you instructed, I suppose it appears in the papers? A. By Mr. Laidlaw.

Q. On behalf of whom, how many different persons? A. They are all the plaintiffs in that writ between—

Q. How many are there? A. William Dixon, John Sproat, George Castle, William McLean, Finlay McCallum, Robert Hume, James Murray, George Denoon, John McLeod, James Shuert, William Harris, on behalf of themselves and all other persons alleged to be subscribers for shares of the capital stock of the Farmers Bank who may desire to come in and be parties to this action.

## SESSIONAL PAPER No. 153a

Q. What was the complaint they made? A. I have not that endorsement, and I have not seen it for six years. As I recollect it their allegation was that the subscriptions had been procured by fraud, and that the subscriptions had been paid with notes, and they demanded—

Q. What was the fraud? A. Misrepresentation in procuring their subscriptions.

Q. Misrepresentation as to what? were you instructed as to the nature? A. I have no doubt I had a good many interviews with Mr. Laidlaw between those times, between the 8th October and the 2nd November, and I have no doubt we very thoroughly discussed it, it is six years ago, and it has passed from my mind.

Q. I judge from what you say apparently some one was of the opinion that a subscription not paid for in cash was not a valid subscription, was that one of his contentions? A. Yes, that was one of his contentions, also it comes back to me, I think that Lindsay was the man who had procured most of these subscriptions, and that these people thought a most rosy condition of affairs had been painted by Lindsay as to what these people would make if they went into the transaction, and that the money would not be called, and they had given notes on the assumption that they would never have to pay the notes.

Q. I suppose you advised them these rosy anticipations were not a ground for setting aside the subscriptions? A. I did not come in contact with the clients.

Q. Everybody does that? A. I did not come in contact with the clients; I only came in contact with Mr. Laidlaw.

MR. HODGINS: Your letter of the 19th October sets out, encloses the special endorsements on the writ? A. Yes.

Q. That is in the return which is being copied and sent up here; and you request the Treasury Board to "Stay any action upon the application of persons professing to act in the name of the Farmers Bank of Canada or in the name of the provisional directors of the Farmers Bank of Canada, for a certificate under section 15 of the Bank Act on the grounds alleged in the enclosed special endorsement, and other grounds which may be disclosed upon the examination of the alleged subscribers for shares."

"I have received information that the alleged subscribers for shares, paid a large sum of money in cash and have signed notes for other large sums of money, and that the persons professing to act in the name of the bank have transferred notes and received the proceeds, and that a deposit either has been made or will be made of the cash received and the proceeds of these notes, or a sufficient amount to make up \$250,000."

"I wish you to have the kindness to acknowledge the receipt of this protest against the granting of a certificate so that I may advise the shareholders who are disputing their liability."

Q. I suppose without seeing the endorsement on the writ you cannot say whether that last paragraph I have read you, which refers to the action of those professing to act, in the name of the bank, with the notes which they have got, is included in the special endorsement? A. No, I cannot tell you. I gave back those papers to Mr. Laidlaw.

Q. That letter and enclosure was the notice you gave to the Finance Department? A. Yes.

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JAMES G. FITZGIBBON, Sworn, Examined by—

MR. HODGINS: I want you to identify this letter of November 29th, 1906, to W. R. Travers? A. Yes, sir, that is mine.



Q. The letter is:

"Dear Travers:

"Mr. Hunter called in this morning, and I was glad to learn that so far things are going on nicely, and trust you will have no trouble."

Who is Mr. Hunter? A. He was the solicitor for the bank.

Q. W. H. Hunter of Toronto? A. Yes, sir.

Q. How had you learned that so far things were going on nicely? A. From Mr. Hunter himself, who had returned from Ottawa.

Q. Can you say when—"You say he called in this morning"? A. That would be that day, the 29th November.

Q. That he had got back from Ottawa? A. Yes.

Q. Then he had gone down with Mr. Travers, had he? A. So I presume.

MR. COMMISSIONER: You had better not give that.

MR. HODGINS: If he knows.

MR. COMMISSIONER: He does not know.

A. I do not know that he had been.

MR. HODGINS: I think from the cheque book he did know; I am going to call Mr. Hunter.

Q. The letter continues: "Mr. Hunter went over all the applications and informs me that they are in first class shape, and that he would have no hesitation in exhibiting them if called for"—what applications were those? A. The applications for stock.

Q. What list would there be of those applications, or did he go over the applications themselves? A. He went over the applications themselves.

Q. Had he gone over those applications prior to that? A. I think he went over them with Mr. Travers before the certificate was granted.

Q. And then the letter continues: "At his request I enclose three blank cheques out of the cheque book in case you have occasion to use them". This is the cheque book, will you just show me the stubs of the cheques that were taken out and sent down? A. I do not think I can identify the cheques from the stubs.

Q. See if you can; this is dated the 29th November; I want to trace up those three cheques.

MR. COMMISSIONER: Can you identify them? A. Only one.

Q. What one is that? A. No. 26, December 4th, issued to Guthrie & Pringle of Ottawa, \$110, No. 27 is marked cancelled, and No. 28 was evidently used after he came back.

Q. You think those were the three? A. I think those were the three, they are all dated here December 4th. Any between the 29th November and December 4th could not have been used in Ottawa.

Q. Which ones do you identify as the ones you sent him? A. No. 26, 27 and 28.

MR. HODGINS: 26 appears to be a cheque made out to G. S. McCorquodale? A. It was evidently started as that but altered afterwards.

Q. I do not understand that, you do not start a cheque—? A. I did not draw—

MR. COMMISSIONER: The witness is giving his evidence.

A. I do not know why the name of G. C. McCorquodale was in there or why it was struck out, but I know that the cheque to Guthrie & Pringle was issued in Ottawa by Mr. Travers.

MR. HODGINS: Yes, so do I; but I want to know why you identify a cheque the stub of which is payable to G. S. McCorquodale as one of the blank cheques you sent down to Mr. Travers? A. I could not say, except it must have been one of the three that went to Mr. Travers in Ottawa. I do not know why McCorquodale's name was entered on the stub. I did not draw out the cheque.

Q. Look at the cheque immediately preceding that, what is the date of that cheque No. 25? A. It is dated there December 1st.

## SESSIONAL PAPER No. 153a

Q. And that is written over something? A. Yes.

Q. What is it written over? A. I could not tell you.

Q. I think I can make it out; have you your glasses with you? A. Yes; November 30th, it is apparently.

Q. Would not that look as if that cheque No. 25 was subsequent to those that you sent down on the 29th of November? A. Yes, but that was payment of office salaries here, and could not have been used in Ottawa.

Q. Quite so, but it was written out on the 30th, which was the day after the date on which you sent them down.

MR. COMMISSIONER: Not necessarily the 30th; it may have been written on the 1st December and probably being the end of the month a man might make a mistake. A. I do not know, as I did not draw out the cheques.

Q. Who drew them out? A. Mr. Shaver.

Q. And he would probably know better than you? A. Certainly.

Q. Does that mean you cannot identify the three cheques you gave us now as being the three that you sent down? A. No, I could not positively identify them. The only one I could identify is that one which was issued to Guthrie and Pringle in Ottawa, and that one was as I understand the only one of the three that was used in Ottawa. The three that were sent down may have been Nos. 25, 26, 27 or may have been numbers 26, 27 and 28.

Q. That is the best of your recollection? A. Yes.

Q. Do you know anything about No. 30 which is marked cancelled? A. No, sir.

Q. Do you think you and Mr. Shaver together could account for the three cheques that were sent down? A. I could not say as to what Mr. Shaver can say.

Q. You have never gone into that phase of the matter? A. No, but No. 30 appears to have been to the contractors for the office building.

Q. Just look at cheque No. 25 and tell me when that cheque was written out?

A. That was evidently November 30th, 1906.

Q. That is in favor of yourself? A. Yes.

Q. For salary, \$62.50? A. Yes.

Q. It is marked as including Miss McKenna's salary? A. It was paid to me, and I paid her her salary out of that.

Q. Would Mr. Shaver be the one who altered the date on the stub? A. It was in his handwriting; it was paid at the Traders Bank, on the 1st December.

Cheque No. 25 filed as EXHIBIT No. 6.

Q. Look at that cheque, what is the number of that cheque? A. No. 28.

Q. That is dated December 4th? A. Yes.

Q. For \$10? A. Yes.

Q. Was that paid up here? A. That was paid apparently at the Traders Bank, on the 8th December.

Q. Whose writing would that be? A. That is in Mr. Shaver's handwriting; he drew out all the cheques.

Cheque No. 28 marked as EXHIBIT 7.

Q. Then look at this cheque, dated the 30th November, is that the Pringle & Guthrie cheque? A. Yes.

Q. What is the date of that? A. November, 30th.

Q. What is the number of that cheque? A. No. 27.

Q. That corresponds with the cancelled stub? A. Yes.

Q. It is number 26 that is in the stub payable to Guthrie & Pringle? A. I do not understand why the wrong one was cancelled. This one evidently with McCorquodale's name on it should have been cancelled, and this one written in, Guthrie & Pringle.

Q. There is 26, and 27; 26 is on the stub payable to Guthrie & Pringle, but when the cheque is produced it is No. 27 that is payable to them? A. Yes.

Q. Do you know anything about the other cheque? A. No, sir. Cheque No. 27 is filled out in Mr. Travers' own handwriting at Ottawa, and when it came in Mr. Shaver doubtless—

Q. Never mind what he doubtless did? A. I do not know.

Q. Look at this attached cheque No. 52, that cheque is payable to whom?

A. To W. R. Travers.

Q. And endorsed by him? A. Yes.

Q. For \$1,800? A. Yes.

Q. Did you have to do with the closing of that transaction? A. No, sir.

Q. Who did, Mr. Travers? A. No, Mr. Shaver, I believe.

Q. Do you know anything about this attached receipt signed by Pringle & Guthrie? A. Nothing beyond the fact that it was handed in to be attached to the cheque when it came back from Ottawa.

MR. HODGINS: I will put those three in together as one exhibit.

Cheque No. 27 to Pringle & Guthrie for \$110; cheque to W. R. Travers, No. 52 for \$1,800, signed by W. R. Travers, General Manager, and endorsed by W. R. Travers and A. R. Shaver; and receipt of Pringle & Guthrie, solicitors for C. A. Smith, for promissory note of W. R. Travers for \$1,800 in favour of C. A. Smith, including release by Smith of all claims and demands of Smith against W. R. Travers and the Farmers Bank of Canada—filed as EXHIBIT 8.

MR. COMMISSIONER: Who is McCorquodale? A. He was one of the solicitors for stock for the bank.

MR. HODGINS: One of the stock sellers? A. Yes.

Q. I see he was a stockholder too? A. He subscribed for one share, but if I remember rightly he never paid anything on it, and it was subsequently cancelled.

Q. Where are the stock applications? A. The last I saw of them they were in the hands of the liquidator.

Q. Would it be asking you too much to see if you could find them amongst the papers that have been produced up here? A. They ought to be all together, they were all on file.

Q. We will get them then? A. All right.

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ALEXANDER G. MCKAY, Sworn,—

MR. HODGINS: I have called you because your name is set forth in the prospectus which was sent by Mr. Travers to the Finance Minister in 1906, as one who had consented to act as a Director if elected, "Hon. A. G. McKay, K.C., Owen Sound, Ex-Commissioner of Crown Lands"—that would describe you pretty accurately? A. Yes, fairly accurately.

Q. Did you consent to act as a Director of the Farmers Bank? A. No, not exactly, I did not. I was approached by an agent to subscribe for stock, and of course I discussed the Directorship and that sort of thing, but I never decided to subscribe and did not subscribe.

Q. Who was the agent? A. I think his name was Lindsay.

Q. On the 27th November, was there any authority given by you under which you could have been described as a gentleman who had consented to act as Director of the Farmers Bank if elected? A. No, because I had not subscribed for stock.

Q. Nor prior to that, that would not have been proper? A. No, it would not have been proper. I was considering and was being canvassed to subscribe for stock, and the discussion took place with regard to that, and I decided not to subscribe and told him so, and I did not know my name was in the prospectus until some one called my attention to it months afterwards.

Q. Is that all you had to do with it? A. Yes.

## SESSIONAL PAPER No. 153a

INSPECTOR WALTER DUNCAN, called to produce certain papers.—

MR. HODGINS: There is said to be a statement made by Mr. Travers to you which has not been produced in any of these proceedings? A. Yes.

Q. Can you let me have it? A. I can. (Produces).

MR. HODGINS: Perhaps Inspector Duncan had better be sworn.

MR. COMMISSIONER: I do not know that I will receive that at present, a statement made by Travers. If you are going to call Travers possibly it may be proper to introduce it afterwards. I am not going to take second hand statements.

MR. HODGINS: I have no objection at all to do that; I wanted to get this, and I thought it just as well when the document was produced that the Inspector should state how he got it and how it comes to appear in the form it is. If you think it is better to wait for Mr. Travers, I will do so.

MR. COMMISSIONER: I think we had better wait till we see what Travers says.

MR. HODGINS: Have you any other papers? A. Yes, there are some papers bearing on some monies said to have been obtained by the 'World' newspaper. Then I have here a number of cheques signed by Fitzgibbon which are made payable to W. R. Travers. I produce one here for \$6,000.

Q. I will go into these later; we will have to go through those very carefully. All I want to know is what you have? A. Then there are others here aggregating perhaps \$100,000 or over. There is another statement that is of no value to me; that was taken in the bank. There is a short brief that was prepared for the Police Court for Mr. Corley, Crown Attorney.

Q. I have that. A. Then it was said there was a letter missing which was produced at the Police Court.

Q. Without going into it, perhaps you will just leave the papers with me and I will look through them myself.

MR. COMMISSIONER: One letter he says is missing? Whom was it to? A. It was to Mr. Coulson.

Q. From whom? A. Something in connection with the Finance Department at Ottawa with regard to something being wrong.

MR. HODGINS: Is not that the letter you are thinking of from Mr. Braithwaite to Mr. Clouston? A. I rather think it is.

Q. That letter I have seen. That letter mentioned Mr. Coulson made inquiry just as Mr. Braithwaite states. A. This one I would like to get back; that is a criminal charge bearing on a man that is not before the Court. And here is one also I would like to get back.

Q. We will just put these together and before you leave, Mr. Thompson will give them back to you. He wants to make a note of them. A. Very well.

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JOHN D. IVEY, sworn, examined by—

MR. HODGINS: You are a merchant in Toronto? A. Yes.

Q. And were you at any time a Director of the Farmers Bank? A. Never.

Q. Did you contemplate becoming a director? A. I was solicited to subscribe for stock.

Q. Who solicited you? A. Mr. Travers, and there were some names that he mentioned to me, Major Beattie and Colonel McLennan, I think, and some others that rather appealed to me, and I said I would think it over, and in thinking it over I communicated with those gentlemen and I found that they were not directors.

Q. What was the result; did you make up your mind one way or the other?

A. I practically dropped out at that.

Q. Do you remember when you dropped out? A. No, I am sorry to say I do not; it was very early on at the beginning of the organization.

Q. And you were represented in the prospectus sent to the Finance Minister about the 27th of November, 1906, as a gentleman who had consented to act as a Director, if elected; would that be correct? A. That would be without my authority at the time; I had never subscribed for stock.

Q. I notice in the document which I have here, which is really a lawyer's bill against the bank, that in March you had various interviews with Mr. Urquhart and Mr. Travers, two at least, in reference to extending of time for the bank proceeding with its organization; do you remember those? A. Ex-Mayor Urquhart's name was among the three or four names that were mentioned to me at the first interview, and I had one or two interviews with Ex-Mayor Urquhart in order to inform myself as to the organization of the bank.

Q. You had nothing to do with the bank then on the 27th November, 1906? A. None whatever.

Mr. HODGINS: Mr. Urquhart telephoned me that he could not be here this morning, but would be here this afternoon. In his absence I think I had better take Mr. Lown. But before that I am going to put in the minutes of the provisional directors which have been already produced in the former proceedings, and the minutes of the directors after their election.

Minute book of provisional directors filed as EXHIBIT No 9.

Minute book of the directors of the Farmers Bank filed as EXHIBIT No. 10

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ALEXANDER S. LOWN, sworn, examined by—

Mr. HODGINS: You were one of the provisional directors of the Farmers Bank? A. Yes.

Q. What is your profession? A. I am a solicitor.

Q. You were practising where? A. I was practising at that time in the village of Drayton.

Q. And you became interested in the Farmers Bank? A. Yes.

Q. You took out the charter, did you not? A. Yes.

Q. Of the original provisional directors, how many are still living? A. Gallagher is dead.

Q. Who were the others besides yourself? A. Dr. Ferguson, Fraser and Watson.

Q. Mr. Watson lives in Listowel? A. Yes.

Q. The others in Toronto? A. Yes. Mr. Gallagher, I think, lived in Teeswater at that time.

Q. You acted as a provisional director? A. Yes.

Q. Right up to the time when the meeting of subscribers was held? A. Yes.

Q. In November or December, 1906; you remember, I suppose, the agreements that were entered into at that time by the provisional directors? A. Yes.

Q. 12th March, 1906, is the agreement signed by you, Fraser and Ferguson and Travers? A. Yes.

Agreement between A. S. Lown *et al.* and W. R. Travers, dated the 12th March, 1906, filed as EXHIBIT 11.

Q. This is your signature and those are the signatures of the others (on EXHIBIT 11)? A. Yes.

Q. That agreement, in effect, was to allow Travers to sell all the capital stock of the bank? A. I think there is an exception in it.

Q. Yes. "Except such portions of the stock as they may reserve to be sold

## SESSIONAL PAPER No. 153a

by C. H. Smith and the firm of Messrs. Urquhart, Urquhart and McGregor"—but outside of that Travers was to have the whole control; that is, in 1906? A. Yes.

Q. At that time you found you had not made much progress, is that right?  
A. We had, I think, about \$40,000 of stock subscribed.

Q. That was about two years, was it, after the bank had been incorporated?  
A. Well, about a year or six months, I should judge.

Q. That agreement provides for the procuring, within a week from its date, four members for the permanent Board that will be acceptable to the provisional directors and to Mr. Thomas Urquhart, and he agreed that the expenses of the directors, providing they do not exceed \$16,000 to date, be paid out of the funds of the bank? A. Yes.

Q. That was the arrangement? A. Yes.

Q. How many shares of stock had you got up to that time subscribed? A. It is pretty hard for me to say without going through the books.

Q. I agree with you. A. I would say, roughly speaking, about \$40,000 or \$50,000.

Q. That is two years' work? A. Yes.

Q. Had you employed any one to get that? A. Yes.

Q. Who had you employed, C. H. Smith? A. Smith, and Smith had employed quite a number of others.

Q. Was Smith being paid by commission? A. Smith was being paid by commission, and Smith also acted as Secretary of the Provisional Board.

Q. Was he on salary or on commission? A. I think he had a salary of \$75 a month and a commission besides, if I remember right.

Q. Those who have apparently been paid or charged up commissions were Smith, Travers, Fraser and Urquhart; did you employ any one else? A. I suppose Travers would employ other agents and Smith would employ other agents, and I think under Urquhart was a gentleman called Richardson.

Q. What was the meaning of this \$16,000 that was provided for the payment of the provisional directors? A. At that time certain monies had been expended, we did not know just how much, but the idea was that these matters would be adjusted afterwards.

Q. Who did know the amount? A. I suppose we could have got the amount from the books.

Q. Had you kept books? A. Yes.

Q. And would they represent anything like a total of \$16,000? A. They would represent, I could not tell without looking at the books.

Q. What books do you refer to? A. There would be the ledger and the cash book; the books were kept by Smith.

Q. Probably you will look at them later on; I think they are here? A. Very well. Roughly speaking, I think there were one or two unsettled matters and I think the books would show about \$10,000.

Q. Of expenditure? A. Yes, at that time.

Q. How much of that had been contributed by the provisional directors? A. Not very much.

Q. It had been spent, then, out of the subscriptions? A. Yes.

Q. Then there are three subsequent agreements? A. Two, I think.

Q. You are right; that is, two subsequent ones with Mr. Travers? A. Yes.

Q. They are both dated the 4th July, and I will put them in together; see if those are the originals? A. Yes, sir.

Two agreements both dated the 5th July, 1906, between A. S. Lown *et al* of the first part, C. H. Smith of the second part, and W. R. Travers of the third part filed as EXHIBIT 12.

Q. This agreement of the 4th July, 1906, recites the agreement of the 12th March and allows Travers to sell all the capital stock which is now unsold and you

engaged him at a salary of \$5,000 for the first year, increasing a thousand dollars each year; and if he retires he is to be allowed a pension of \$1,500 a year, that to be confirmed by the shareholders. Then it is provided that Travers agrees to accept the legitimate accounts as they now stand upon the books for the expenses of the organization to date, that would be what you would find in the books? A. Yes.

Q. "And also agrees to allow the parties of the first and second part the sum of \$20,000 as a remuneration for their services, surrender of charter, etc., to be paid out of the funds of the bank provided the same be confirmed at the meeting of the subscribers"—that I see is signed by all the provisional directors? A. Yes.

Q. What is the meaning of your getting \$20,000 for services as well as the legitimate accounts as they stand? A. It simply meant that Travers would recommend at the meeting, as I understood, at the meeting of shareholders that we would be paid that much.

Q. What was it for? A. For our work and trouble in promoting the bank.

Q. Such as you have described? A. Yes.

Q. This speaks of a surrender of charter, I suppose that was really a transfer of the charter to Mr. Travers? A. I suppose so, yes.

Q. Was it on the understanding that he was to have—? A. The understanding was that he was to go on and complete the organization and that we were to do any acts that were necessary to assist him.

Q. At that time in July, 1906, there had been a good deal more stock taken up, had there not? A. Yes.

Q. What did you know about promissory notes that had been taken for stock? A. I think it is all explained in the minute book. We had some objections to the promissory notes. Those notes were taken without our knowledge, and when we discovered it, some of the members of the Board raised some objections to those promissory notes, and we decided to take legal advice on the matter, and we did.

Q. The second agreement of the 4th of July recites the prior one of the same date, as to the \$20,000 and Mr. Travers in that agrees to "accept their claim and to pay the \$20,000 to the parties of the first and second part as follows: . . . . . immediately upon their passing the necessary resolution to give the legal notice calling a meeting of the subscribers for the organization of the bank."

Then at the bottom of that agreement there is a receipt for Travers for \$10,000, "And to this extent we hereby assign our interest in said \$20,000 to said Travers"? A. Yes.

Q. When after the 4th of July did the provisional directors get the \$10,000 from Travers? A. We were paid that day.

Q. The 4th of July, 1906? A. Yes.

Q. Was that paid out of these subscriptions? A. No, that was paid out of Travers' commissions. Of course the commissions were paid out of the subscriptions.

Q. Was there a resolution directing payment to him of \$10,000? A. I cannot remember.

Q. Then these are the other memorandum and power of attorney, I think they had better go in together; they are also signed by the provisional directors?

A. Yes.

Q. One is memorandum as to distribution, and the other is the power of attorney from the provisional directors to Travers? A. Yes.

Memorandum as to distribution and power of attorney from provisional directors to Travers filed together as EXHIBIT 13.

Q. The memorandum of distribution says "We, the undersigned, hereby agree that we will divide the sum of \$20,000 to be paid us by W. R. Travers under an agreement dated the 4th day of July, A.D., 1906, amongst ourselves as follows: A. S. Lown \$5,000; C. H. Smith \$5,000; John Feguson \$3,500; Alexander Fraser \$3,500; John Watson \$1,500; James Gallagher \$1,500."

## SESSIONAL PAPER No. 153a

The power of attorney states "To constitute and appoint W. R. Travers our lawful attorney for us and in our name and stead to endorse our names on all notes made by anyone whatever payable to the provisional directors of the Farmers Bank of Canada, and the endorsement of our names on said notes by him as our attorney shall be as valid and effectual as if we ourselves had endorsed notes, etc."

You did endorse all these notes didn't you? A. I presume that Travers as attorney endorsed those notes.

Q. The power of attorney is dated the 8th October, 1906; look at this resolution of the same date, and certified by you as Chairman? A. It was signed by me as Chairman.

Q. That was passed at that meeting? A. Yes.

Q. It reads: "Moved by James Gallagher, seconded by John Ferguson:

"That the provisional directors execute a power of attorney to W. R. Travers for the purpose of endorsing all notes in their names as provisional directors and signing their names to a note or notes for the purpose of raising funds to put up the deposit with the Government, and we authorize the secretary to hand over all notes to W. R. Travers for the said purpose." (*Motion filed as Exhibit 14.*)

Q. Am I wrong in saying that at that period of time out of the subscriptions that had been raised all the expenses were to be paid and the \$20,000 to the provisional directors would come out of that, although charged as commissions to Mr. Travers?

Q. It would come out of Mr. Travers' commissions, his commissions would be chargeable to that.

Q. And he would then get all the promissory notes made up to that time by subscribers? A. No.

Q. What was the situation? A. The bank would get the credit for the proceeds of any money that he raised by endorsing those notes.

Q. I am speaking of the subscriptions which had been got by you four provisional directors before Mr. Travers came into it? A. Yes.

Q. The expenses were to be paid out of that? A. Out of all the money subscribed by the stockholders, I presume.

Q. Then you were to get \$20,000 in addition.

MR. COMMISSIONER: He explained that differently before; that \$10,000 came out of the commission that Travers got, which came out of the bank funds.

MR. HODGINS: Up to the time that Travers made the agreement with you to pay you \$16,000 in March and \$20,000 in July had Travers got any stock taken up himself? A. Travers himself, we never saw Travers until about the 12th of March, and from the 12th March to the 4th July Travers and his agents had been instrumental in getting the great portion of the stock.

Q. Coming back to the 12th of March the arrangement under that agreement was that you four directors were to be paid the \$16,000? A. No, not exactly; we were to be paid whatever expenses there were, if they were not more than \$16,000; if they were less, we would get less.

Q. What was the object of changing the agreement on the 4th of July; Travers in the meantime had been getting stock taken up? A. Out of the money that we had expended we ourselves would get practically nothing; that had gone in rent and advertising and commissions, and so on.

Q. We can find the amount of that; but I want the reason for making the agreement of the 4th of July? A. Travers had been promising us that we would get a certain amount of remuneration for the services that we had done.

Q. If the \$20,000 was to be paid out of Travers' commission it was on the commission from between the 12th March and the 4th July? A. No, it would be on the commissions earned at the time at which the bank was organized.

Q. You turned over the entire stock-selling to Travers? A. Yes.

Q. And he, you say, out of his commissions was to pay that? A. Yes.



Q. What commission did you as provisional directors arrange to pay Travers?  
A. 10%.

Q. On the par value of a subscription? A. Yes, sir.

Q. Not upon the cash paid in? A. The par value of the subscription; I think, if I remember rightly, the agreement sets it forth.

Q. Supposing these notes were given by subscribers would Travers get in cash his commissions out of that as if it had been paid in cash; was that the idea you had in your minds at the time? A. If the note was a good note.

Q. Had you anything to say to that? A. No, the notes were all recommended to us as being good notes.

Q. You passed certain resolutions on the subject; in addition to that agreement of the 12th March, 1906, was there an agreement to pay Dr. Ferguson and Alexander Fraser more, an additional amount to that? A. No.

Q. This is the minute of the 10th March, 1906: "That the provisional Board hereby agrees that provision be made for Messrs. A. S. Lown, and C. H. Smith as originators of the bank, by giving them positions in the bank on its organization, Mr. Lown as Secretary and Mr. Smith as manager of a branch bank, or at least its equivalent in the head office; and in the event of their not being continued to a period to be agreed upon between Mr. Lown and Mr. Smith and Mr. Travers, the prospective General Manager, an adequate allowance be made by pension or bonus on retirement and that Dr. Ferguson and Alexander Fraser be empowered to execute this agreement with Mr. Travers on behalf of the Provisional Board." That is on the 10th March, and would that agreement on the 12th March immediately follow it and be the one executed in pursuance of this, because my recollection is there is no provision in that for your being continued? A. I do not think that was ever carried out.

Q. On the same day; moved by Dr. Ferguson, seconded by Alexander Fraser: "That an allowance of \$3,000 be made to Alexander Fraser and Dr. John Ferguson for their services and outlays as provisional directors in the organization of the bank, and that the same be paid when the bank is ready for business—"? A. That would be included in that \$20,000.

Q. Which? A. That \$3,000.

Q. That was mentioned in the 4th of July agreement? A. Yes.

Q. Would it be included in what is mentioned as the agreement of the 12th of March? A. I do not think so.

Q. I want to ask you about the agreement as to notes; you had taken advice had you not, relative to the legality of the provisional Board accepting notes? A. Yes.

Q. I see that at the meeting of the 23rd of June the resolution was passed against that being done; "It was moved by Dr. Ferguson, seconded by Mr. Gallagher; that whereas it appears that the notes have been accepted by agents in settlement of subscriptions to stock, be it resolved that the opinion of Messrs. Urquhart, Urquhart & McGregor be secured at once as to the legality of accepting by the provisional Board such settlements and the payments of commissions, on such subscriptions". Moved by Alexander Fraser, seconded by Mr. Gallagher: "That instructions be given to Mr. Travers that no note be accepted in lieu of cash for payment of stock and that no agent or sub-agent employed by him accept the same, but that the conditions set forth in the form of application be adhered to on cash basis unless otherwise specially authorized by the Board"—do you remember that? A. Yes.

Q. Was there an opinion obtained? A. Yes.

Q. To what effect? A. To the effect that—

MR. COMMISSIONER: Is it in writing? A. Yes.

MR. COMMISSIONER: I do not think it would be fair.

MR. HODGINS: I only want to get whether, generally speaking, it was in

## SESSIONAL PAPER No. 153a

favor or against it, because I have the opinion here, what I take to be the opinion. I expected to put that in when Mr. Urquhart came. Perhaps you would recognize that? A. I think we have the original letter somewhere.

MR. COMMISSIONER: That purports to be a copy? A. Yes; it would be fairer for Mr. Urquhart to put in the original letter.

MR. HODGINS: On July 4th, which was the date at which that agreement appears to have been made, it was moved by Mr. Ferguson, seconded by Mr. Gallagher; "that in consideration of the letter of Messrs. Urquhart, Urquhart and McGregor, regarding the acceptance of notes on subscriptions of stock, the resolution of the 23rd June, 1906, calling for the selling of stock on a cash basis be repealed". I suppose that affected your minds. You repealed the resolution? A. Yes.

Q. And then the next is a resolution: "That the sum of \$10,000 on account of commissions for the sale of the capital stock in the bank be paid to W. R. Travers". Then, "That the agreement entered into this day between W. R. Travers, C. H. Smith and Messrs. Watson, Gallagher, Lown, Ferguson and Fraser be confirmed and signed". Then it was known when the \$10,000 was given that the notes had been taken, and do you pretend to say that you knew they were all good at that time? A. We did not know they were all good, but they were all stated to us to be notes of good substantial farmers.

Q. Stated by whom? A. By Travers.

Q. And on that statement the \$10,000 was paid out of the monies on hand? A. Yes.

Q. You did not discount the notes to get this money? A. No, not at that time.

Q. Further on the same day, "That the Chairman of the Board"—who was that? A. Myself.

Q. "That the Chairman of the Board, the Secretary Treasurer of the Board"—who was the secretary treasurer? A. Mr. Smith.

Q. "And W. R. Travers, General Manager, be authorized to endorse all notes made in favour of the bank for the purpose of raising money to make deposit with the Treasury Board of the Dominion Government". This is on the 4th July, 1906? A. Yes.

Q. Then I see by the minutes that you kept on allotting stock as subscriptions were brought in? A. Yes.

Q. Irrespective of whether they were cash or otherwise? A. Yes.

Q. You knew, of course, quite well, that notes were being taken? A. Yes.

Q. After that change of attitude? A. Yes.

Q. And I suppose you will say you were aware that a very large proportion of notes were being taken? A. I could not say that.

Q. Did you make any inquiry from Mr. Travers as to the proportion of notes and cash? A. That is nearly seven years ago, and it is hard for me to remember.

Q. Then we come to the meeting of the 8th October, where that resolution that I put in apparently carried. There are quite a number of minutes, extending over quite a long period of time, that all appear to have been read and confirmed at the meeting on the 6th November, do you recollect why they were left for confirmation so long? A. I cannot remember.

Q. The allotment that you made was not subject to any condition at all on payment of the notes, it was simply an allotment of the stock by the provisional directors? A. Yes.

Q. Did you think you had power to do that? A. We thought we had, yes.

Q. You made your report to the shareholders or subscribers on the 22nd November? A. Yes.

Q. Would you just look at that report which I will put in signed by you, tell me about the expenses there on the second page? (Report of the provisional Board, dated the 22nd November, 1906, filed as EXHIBIT 15.) A. \$44,403.65.

Q. Is that correct? A. It is approximately correct. Of course I simply got that, I would ask Mr. Shaver or Mr. Fitzgibbon who were in charge of the books as to what the expenses were.

Q. Do you remember asking them? A. Yes; excuse me a moment, the figures there are not in my handwriting.

Q. Whose are they in? A. I cannot tell you; they may be in Mr. Shaver's; they are certainly not in mine.

Q. Were you elected as a regular director of the bank? A. No.

Q. Had you anything to do with opening the original books of the bank? A. No.

Q. You do not know why the figures for expenses were not the same as reported to the subscribers? A. No, so far as I know, I had asked some person and apparently the entries have been made in some other person's handwriting.

Q. Did that amount to your knowledge include the amount paid to the provisional directors by Travers? A. Yes.

Q. Did it include all the commissions paid? A. Yes.

Q. To Travers or others? A. Yes.

Q. Did you know at the time how much had been paid in in cash to that date? A. I think possibly I did. I think I signed a cheque for \$150,000 transferring the Traders Bank account to the Bank of Montreal.

Q. You think you signed a cheque for that? A. Yes, I probably signed a cheque for that.

Q. The cash that had come in being to the credit of the provisional directors? A. Yes, in the Traders Bank, and \$150,000 of that was transferred.

Q. Now from whom did you get this information in paragraph 4; "The Board have to report in the first place that they have the sum of \$579,200 *bona fide* subscribed"? A. I would get it from Mr. Shaver or Mr. Fitzgibbon.

Q. Then this, "And out of the subscriptions thereon they have paid in to the Treasury Department of the Dominion Government, the sum of \$250,000?"

A. I knew as a matter of fact that \$250,000 had been paid to the Treasury Board; I was told that by Mr. Travers.

Q. But not out of the subscriptions thereon? A. Out of the monies derived from the proceeds of the discounts of the subscribers' notes.

Q. That was your knowledge at the time? A. Yes.

Q. When you signed the report? A. Yes.

Q. Did you ever get that \$10,000? A. No.

Q. How was that? A. We simply did not get it; that was all.

Q. You had a good deal to do with the application for the certificate to the Treasury? A. I had nothing to do with it.

Q. Did you prepare that report which we have just put in? A. Yes, I think Mr. Travers and I prepared it.

Q. He says you did? A. Possibly.

Q. You remember, at all events, the application for the money to make up the additional amount of \$100,000 and you knew there was an affidavit being made to borrow on the notes? A. Yes.

Q. Had you anything to do with negotiating that yourself? A. None whatever.

Q. And did you go over the list of subscriptions with Mr. Travers? A. No.

Q. Did you know anything about what he called spreading the cash over the subscriptions? A. Nothing, except what I heard him tell in the Police Court.

Q. You really had nothing to do with it, is that right? A. I had nothing to do whatever with the application for the certificate.

Q. Had you anything to do with preparing the papers to be used? A. No, none whatever.

## SESSIONAL PAPER No. 153a

Q. At whose request did you sign the cheque for \$150,000 you have spoken of? A. I presume, Mr. Travers' request.

Q. Did you endorse the notes? A. No, the notes were endorsed by Mr. Travers as the attorney. I think the notes I have seen the endorsement was in Mr. Smith's handwriting and signed by Travers as attorney.

Q. The money was paid in on or about the 23rd October? A. Yes.

Q. So that I suppose the provisional directors were fully aware that the power of attorney was being acted on for the purpose of raising the money? A. I do not know about the others, I was.

Q. I think I have seen somewhere that Mr. Travers says you were aware of the making up of that list? A. No, I think he says I was not.

Q. Who were the officers of the bank at that time, the officers of the provisional directors? A. At what time?

Q. Say, October 8th, 1906? A. I was chairman and Smith would be secretary and Mr. Travers was acting manager.

Q. You have spoken of Fitzgibbon and Shaver, when did they come into the employ of the bank? A. Smith went out some time in October, and then, I think, Mr. Shaver became the secretary, and some short time after that Mr. Fitzgibbon came in.

Q. Was he there before the meeting of subscribers when the directors were formally elected? A. Yes, they were both there; Smith would not be there, but Fitzgibbon and Shaver would be there.

Q. Where is Smith now, do you know—I am instructed he was in Vancouver or in British Columbia somewhere? A. I understand he is in Vancouver. The last time I saw him he told me he was going to Vancouver; I have not heard from him since.

Q. Who was the solicitor for the bank while it was under your charge as one of the provisional directors? A. Mr. Urquhart was part of the time.

Q. Was he succeeded by Mr. Hunter? A. Yes, he was succeeded by Mr. Hunter.

Q. Prior to the 8th October? A. It would be very hard to say when Mr. Urquhart went out and when Mr. Hunter came in; if you tell me any particular dates.

Q. I am giving you the 8th October, 1906? A. I would think Mr. Hunter would then be solicitor.

Q. He went down with Travers to Ottawa? A. I do not know anything about that.

Q. Apart from the \$10,000 which you have paid, have you obtained any money, did you get any further monies from Mr. Travers from the bank? A. I got \$300.

Q. For what? A. In settlement of the \$10,000.

Q. In settlement of the remaining \$10,000? A. Yes.

Q. Why did you not press your claim for the \$10,000 which he had agreed to pay you? A. Well, matters had gone a little harder than we expected with the bank, and I thought it would be rather unfair.

Q. When did you make a settlement with him? A. Some time in January, I do not remember the date.

Q. Some time in what January? A. January, 1907.

Q. Mr. Travers says, in respect to that agreement of the 4th July, that when he entered into the agreement on the 4th of July they, that is the provisional directors, desired that \$10,000 of the amount should be paid forthwith, and to that he agreed; that was before the issue of the certificate by the Treasury Board and before they had a sufficient amount of stock even subscribed to apply for the certificate, and the balance of \$10,000 was to be paid after the permanent directors

were elected. Would that be right? A. The agreement says at the time of the election—

Q. The point I want to know is, before there was a sufficient amount even subscribed, the \$500,000 had been subscribed? A. No, there would not be \$500,000 subscribed then.

Q. Had the payment of the \$10,000 been approved by the permanent Board at any time? A. I do not know what the permanent Board did.

Q. You never heard it was nor never inquired? A. I never inquired.

MR. COMMISSIONER: Who were the promoters of this bank, who got up the idea? A. I think the idea in the first place was originally with Mr. C. H. Smith.

Q. Had Travers at the beginning anything to do with it? A. Travers had nothing whatever to do with it until about the 12th of March.

Q. You had been going on, I judge from what you said, without any large success in getting large subscriptions? A. Yes.

Q. The \$16,000 you spoke of, approximately, what did that represent? A. What I understood it represented was the money that had been expended.

Q. In what? A. For commissions, for rent, for advertising, for various things.

Q. Was there an account kept? A. Yes.

Q. Have you seen that account? A. I have seen that account, yes; it is in the ledger.

Q. I notice that the agreement provides that the provisional directors authorized Mr. Travers to pledge their personal credit for the payment of the notes that were discounted? A. I have forgotten about that.

Q. Was the credit of the Farmers Bank pledged or intended to be pledged for the payment of those notes? A. No.

Q. Were you acting under anybody's advice in adopting the course you took for raising the money? A. We were acting under advice from Mr. Travers, whom we understood was advised by Mr. Hunter.

Q. What did you expect to happen if the bank never went into operation; what did you expect to happen with regard to the \$10,000, you and your associates? A. I expected we would have to repay it.

Q. Do you know whether in the forty thousand odd dollars, which was the sum said to be the preliminary expenses, the \$20,000 that you were to receive was included? A. No, only \$10,000 of it was included.

Q. Do you know where the \$300 that you got in settlement of your claim for your share of the unpaid \$10,000 came from? A. I do not know.

Q. It would be Travers that would be making the money and not the bank, if you took \$300 for your share; I understood you to say that this money was to come out of Travers' commissions? A. Yes. There had been a good deal of trouble over the formation of the bank, and matters had not gone as I had expected they would, and I did not want to raise any trouble; that was the reason I—

Q. Were the other gentlemen who were entitled to a share in that \$10,000 settled with at the same time? A. Yes, and all on a somewhat similar basis.

MR. HODGINS: I notice that the power of attorney contains the clause, "We personally guaranteeing the said notes"—that is what Mr. Commissioner referred to? A. Yes.

Q. What is the object of that? A. I do not remember.

Q. Just to get the \$10,000? A. No, the power of attorney was drawn, I presume, by Mr. Hunter.

Q. Would you like to read it? A. (Witness reads over power of attorney).

Q. You see the words, "We personally guaranteeing the notes"? A. I had forgotten all about that being in the power of attorney.

Q. Do you remember why you people should guarantee the notes? A. No.

## SESSIONAL PAPER No. 153a

Q. Was there anything else you were getting out of it except the \$10,000?  
A. No, nothing.

Q. Are you aware that the notes were all endorsed without recourse against you? A. I believe they were.

Q. Why was that change made? A. I do not know any reason for it at all.

Q. Did you ask for it? A. I don't think we ever did.

Q. Travers just—? A. Did it himself.

Q. Let you off? A. Apparently so.

Q. Was this power of attorney drawn by the solicitor of the bank, either Mr. Urquhart or Mr. Hunter? A. My impression is it was.

MR. COMMISSIONER: Which of you gentlemen had experience before in launching a banking institution upon the world? A. None of us except perhaps Mr. Smith.

Q. What is his business? A. He was a banker.

Q. Connected with that bank? A. He had managed, I think, a private bank; he had been manager of the Traders, and he had also conducted a private bank of his own.

Q. Who advised you as to the proper rate of commission to pay the persons who procured subscriptions for the stock; how did you arrive at a figure of 10%?

A. We had been trying five, and we found we could not get the stock at five, so we raised it to ten.

Q. You would not know much about that; who told you what you ought to pay in the first place? A. I suppose—Mr. Gallagher was also a bank manager.

Q. What bank was he connected with? A. I think he was at one time a manager of the Sovereign.

MR. HODGINS: I should like to ask you, you did not give me the name of the solicitor that you thought prepared that power of attorney? A. I do not know.

Q. You thought it was either one or the other? A. Yes; probably Mr. Hunter, I should think.

Q. Were not the provisional directors to get a 10% commission themselves on what they sold in the way of stock? A. There was no understanding of that.

MR. COMMISSIONER: Did any of you get any commission? A. I got a little commission myself, and I think Mr. Fraser got some.

MR. HODGINS: I thought there was a resolution about that? A. I do not think there was a resolution about it.

The Commission adjourned at 1.30 p.m. to 2.30 this afternoon

The Commission resumed at 2.30 p.m., March 19th, 1912, at Osgoode Hall, Toronto.

JOHN WATSON, of Listowel, sworn by—

MR. HODGINS: Q. You were one of the provisional directors? A. Yes, sir.

Q. And were an active member of the Board until the charter was disposed of, the Provisional Board? A. Yes.

Q. Had you anything to do with getting up stock subscriptions? A. No, sir.

Q. Nothing at all? A. Nothing at all; I never sold a dollar's worth of stock, nor asked a man to buy a dollar's worth.

Q. What is your business? A. I am a brewer.

Q. You remained, however, a provisional director for something like two years or more? A. From the start of the bank until the end; that is, so far as the provisional directors were concerned.

Q. You attended the meetings? A. Some of them.

Q. Throughout? A. Pretty nearly all.

Q. You were familiar with what was going on? A. Yes.

Q. Were you familiar with those agreements that were produced this morning of the 12th March, 1906, and 4th July, 1906? A. The 12th March agreement I did not sign.

Q. Why not? A. Mr. Travers was a stranger to me, and the agreement had been signed by three members of the Board and I did not see that it made any difference whether I signed it or not, and I therefore did not sign it.

Q. You lived in Listowel? A. Yes.

Q. Was Travers known there? Not that I am aware of.

Q. You did not know him at all? A. No, sir.

Q. You did not agree then, do I understand that you did not agree, is that the reason you did not sign that agreement? A. I did not know anything about Mr. Travers at the time and I refused to sign the agreement.

Q. Was your refusal based in any way on the fact that the agreement was unfair? A. No.

Q. Up to that time had you expended anything that would justify the arrangement to pay the expenses of the directors provided they had not exceeded \$16,000? A. Had we expended anything?

Q. Yes; had you anything that would justify any such sum as that? A. I think that sum there is too large. I think at the time, if I remember right, that the actual expenses up to that date were about eight or ten thousand dollars, but there were a few accounts that were unsettled, and that was Mr. Travers' suggestion to make it \$16,000.

Q. And that, it was agreed, should be paid out of the funds of the bank, not by Travers personally. A. No, that was to be paid out of the receipts.

Q. It says, "to be paid out of the funds of the bank." A. Yes.

Q. Was your objection to sign at all connected with that item? A. No, sir.

Q. Was it connected with the fact that they were agreeing that Travers should be the General Manager, at a salary of \$4,000 increasing and a pension? A. No objection to that; it was on account of Mr. Travers being a perfect stranger to me.

Q. You overcame that objection, whatever it may be, in July? A. Yes.

Q. And these other agreements are all signed by you? A. Yes.

Q. Do you know anything, or did you know anything about the books at that time? A. The books of the Bank?

Q. Yes, the figures? A. Nothing any more than what was told to us from time to time.

Q. Who did you look to to tell you? A. Mr. Smith.

Q. He was the original organizer, was he? A. Yes.

Q. And he got you to come on? A. Yes.

Q. What do you know about the preparation of these July agreements, had you anything to do with the instructions for them? A. Not in the least.

Q. Who presented them to you? A. They were presented at the Board meeting.

Q. Had you been consulted as to the terms? A. Not until they were laid on the table.

Q. They all knew you had been objecting to sign a previous one? A. Yes.

Q. They did not consult you until they laid them on the table of the Board?

A. At the meeting, yes.

Q. On the 4th July or thereabouts? A. Yes.

## SESSIONAL PAPER No. 153a

Q. Did you read them? A. Yes.

Q. You are familiar then with the provisions? A. Yes.

Q. And that was to annul the 12th March agreement, to allow Travers to sell all the capital stock now unsold at par, and a premium over \$500,000 and to allow him a commission of 10% thereon for expenses of selling same, payable one-half on the signing of the subscription and payment of deposit and the balance on allotment. Prior to that time the question of taking notes for the shares had come up? A. Yes.

Q. And you had an opinion upon it? A. Yes.

Q. You were familiar with that? A. Yes, led to believe that the opinion of Messrs. Urquhart & MacGregor was thoroughly reliable and that we could do such a thing.

Q. Were you aware that this agreement of the 4th July required you to pay 10% on the amount of the subscription irrespective of whether anything beyond the deposit was paid or not? A. That we were to pay.

MR. COMMISSIONER: The Bank? A. Yes; the Bank, they were to pay Mr. Travers 10% on all stock sold; it did not seem to make any difference whether it was put in by note or cash, the full amount.

MR. HODGINS: He was to get his commission? A. Yes, the full amount.

Q. And out of the cash that came in? A. Yes.

Q. This also provided for his engagement as General Manager at an increased salary of \$5,000 for the first year? A. Yes.

Q. And also the pension which remained the same? A. That was his own suggestion.

Q. The provision then as to the \$20,000 was apparently changed? A. Yes.

Q. Not only were the expenses to be paid out of the funds of the Bank, but this \$20,000 to the Directors for their services was to be paid in the same way? A. Well, when Mr. Travers came in there as Acting Manager or to be General Manager, he said: "the amount of work you men have done for the last two years you should get \$25,000 or \$30,000 for it as a remuneration" and, he says, "I will get a Board elected to pass that amount for you". Now, the first agreement there was to go before the shareholders and if they confirmed that then we would get \$20,000; if they did not confirm it we would not get anything. But some way or another the second agreement was changed after lunch and when I came in they said, Mr. Travers had agreed to assume the liability of the \$20,000 and pay that money himself if we would pay him \$10,000 today on his commissions, that he would take the chance of getting it from the permanent Board or shareholders.

Q. There was a meeting then before lunch and a meeting after lunch? A. Yes, one in the morning.

Q. That accounts for these two agreements? A. Yes, on the same day.

Q. Did you think it was a proper thing to vote as much as \$20,000 to the Directors out of the funds of the Bank before its organization? A. We were not doing that.

Q. Who were? A. Nobody that I know of.

Q. You were signing an agreement that it was to be paid out of the funds of the Bank? A. Providing it was passed by the shareholders.

Q. Did you think that that was fair? A. It was at Mr. Travers' suggestion that it was done.

Q. Had you any justification that you know of for you Directors claiming that amount? A. I don't know as we had.

Q. Why did you sign the agreement? A. At Mr. Travers' suggestion.

Q. Did you think it was fair to the subscribers? A. If they passed the agreement why it was fair enough, for they then knew what they were doing.

Q. Did you ever see the stock subscriptions? A. No, sir.

Q. Did you ever see the power of attorney? A. Yes.



Q. Did you know that that power of attorney was to be used for voting at the meeting that the provisional directors were going to call to ratify, or rather to organize the bank? A. That it was to be used as a voting power?

Q. Yes? A. No, sir.

Q. What was your idea, who would ratify this, agree to pay it? A. The shareholders themselves.

Q. The payment of Travers of his commission was not conditional on any vote of the shareholders? A. No.

Q. So that in any event you knew that he was to get that? A. Yes, sir.

Q. But your payment of \$20,000 was to be conditional on the vote of the shareholders? A. Yes; afterwards agreed to by—

Q. So that after lunch apparently there was a change, and Travers agreed to accept your claim and take the responsibility of it? A. Yes.

Q. And to pay the full \$20,000? A. Yes.

Q. I do not see anything here as to the agreement that he was to be paid \$10,000 on account of his commissions, was that a verbal understanding? A. Yes.

Q. That is the real consideration for this second agreement, for his assuming the \$20,000 he was to be paid \$10,000 immediately? A. He said, "I will assume the \$20,000 and take the chance of getting it from the shareholders, and if you will pay me \$10,000 today I will pay you \$10,000 on account of the amount due you out of my commission".

Q. So that you four or five directors and Mr. Travers became, from that time on, equally interested in having the shareholders confirm the payment of \$20,000? A. It did not make any difference to me or to the other shareholders.

Q. You could not get the balance of the \$10,000 without confirmation? A. We did not get it.

Q. You could not get it without confirmation? A. We could have held Mr. Travers, I suppose; it was a personal matter with him, the way I looked at it.

Q. He became the only one you think interested in getting the confirmation? A. Yes.

Q. Did you know anything about his financial standing? A. No, sir.

Q. Did you know he was worth \$10,000? A. No, sir.

Q. You did not have much confidence in his assuming that, did you? A. I thought he would have lots more money coming to him through the sale of his stock and he would be gentleman enough to pay it.

Q. You still intended however that it should be confirmed at the shareholders' meeting? A. We had nothing to do with that.

Q. You received on the same day your share of that \$10,000, I suppose—I suppose your signature is here? A. Yes, sir, I got \$1,000.

Q. \$1,500 was it not? A. If the whole \$20,000 had been paid I was to get \$1,500.

Q. Only \$10,000 was paid and you got how much that day? A. \$1,000.

Q. Why did you get more than your share? A. I don't know. They just gave it to me, that was all. It was agreed I would get \$1,000 that afternoon after dividing it up.

Q. Was that arrangement made before you signed the new agreement after lunch? A. No, afterwards.

Q. You settled later on, didn't you, the balance? A. Yes, I got \$100. I was going past the Imperial Bank in Listowel one day and one of the clerks came out and called me in, and he says, "The manager wants to see you," and I went in and I asked him what it was, and he says, "We have a receipt here for you to sign and also a cheque, which I will give you when you sign the receipt, from Mr. Travers, in full settlement," and so I took the \$100 and signed the receipt.

Q. The date of that would be July the following year? A. Yes, somewhere about that time.

## SESSIONAL PAPER No. 153a

Q. Look at those two receipts and say if they are your receipts for \$100, and also an order? A. Yes.

Q. The receipt is not dated, I see, but attached to it here—and perhaps you will tell me if they were signed the same day? A. I think so.

Q. Here is an order on Robertson & McLennan, dated 23rd July, 1907, to deliver to Travers an agreement lodged with them on or about the 4th day of July last? A. Yes.

Q. Do you know what that agreement was? A. I do not know, I forget what that was.

Q. Probably was this very agreement? A. I do not know which one it was; I know there was an agreement or some paper placed there in care of Robertson & McLennan, in their charge, and what it contained I cannot tell you.

Q. Mr. Robertson has been examined, and he says he does not know anything about what the document was? A. I cannot tell you.

Q. You cannot identify it? A. No.

Q. Did you leave it with him? A. No, sir.

Q. Who did? A. I don't know.

Q. Why did you settle for \$100; why did you not make your claim against him; did not the shareholders ratify it? A. I don't know whether they did or not.

Receipt of John Watson for \$100, with order on Robertson & McLennan to deliver to W. R. Travers Agreement, filed as EXHIBIT 16.

Q. Were you at the first meeting of the shareholders, the organization meeting of the bank? A. In a way I was and in another way I was not. I came down to attend the meeting to see that everything so far as the provisional board was concerned was satisfactory to the shareholders, and when I went to the head office of the bank where the meeting was to be held Mr. Travers ordered me out, and so, being a stranger in the city and not wanting to make any fuss, I left the place.

Q. Explain why he ordered you out? A. Because I was not a shareholder.

Q. How was that? I thought you had taken stock, hadn't you? A. No, sir, never had a dollar.

Q. Never subscribed for any? A. No, sir.

Q. And acted as provisional director throughout? A. Yes, I was told it was not necessary for me to take stock.

Q. Had you been asked to take it? A. I told the party that asked me to go on the Board in the first place that I would not take any stock. I says, "If you want me on your Board you will have to have somebody who has stock, if it is required, to transfer it over to me".

Q. You had no financial interest in the matter from beginning to end? A. No, sir.

Q. And you got \$1,100? A. Yes.

Q. Is that all you got? A. I got my travelling expenses and director's fees.

Q. The directors' fees that were paid to the provisional directors amount to \$11,760; have you any idea how much you got out of that? A. About between three and four hundred dollars, I think.

Q. That would be all you got? A. Yes.

Q. I suppose we can verify that from the books? A. Yes; that is as near as I can remember.

Q. Who made the arrangement with Travers to sell the charter to him? A. I could not tell you.

Q. That was the idea, that he should take over the charter? A. I think so.

Q. From the 4th July on your people had no substantial interest in it at all, had you? A. No, sir, no more than—

Q. Travers and Travers' sub-agents got the subscriptions taken up? A. Yes.

Q. And handled them, I suppose? A. So far as I know.

Q. Where was the money placed; had you anything to do with that? A. I never handled any of the money at all.

Q. Did you ever sign cheques? A. No, sir, nothing to do with the money at all. It was placed, I understood, with the bank, the bank account was kept with the Traders Bank of Canada.

Q. You finally signed a power of attorney to Mr. Travers to endorse the notes? A. Yes, sir.

Q. Were you present at the meeting on October 8th at which that resolution was carried? A. I think I was there, I am not sure.

Q. You, I suppose, became aware before signing that it would be necessary to use those notes in obtaining money enough to make the deposit? A. I don't know that I was aware of the fact of how he was going to raise the money before we had given him power of attorney, but as I understood the matter that it was legal for us to receive the notes for payment of stock that it must surely be legal for us to use them for the interest of the bank. I did not know how he was going to get the money or where from or anything about it.

Q. The 8th October, 1906, I see, you are down as being present? A. Yes.

Q. And the resolution I speak of:

“That the provisional directors execute a power of attorney to W. R. Travers for the purpose of endorsing all notes in their names as provisional directors, and of signing their names to a note or notes for the purpose of raising funds to put up a deposit with the Government; and we authorize the Secretary to hand over all notes to W. R. Travers for the said purpose.”

Who would have possession of those notes up to that time? A. I could not tell you.

Q. Were they ever produced at any meeting of the provisional board of directors? A. Not that I am aware of.

Q. And you cannot speak as to their custom? A. No.

Q. Did you know W. J. Lindsay? A. Yes, sir.

Q. Had you been acquainted with him long? A. About 25 years.

Q. You knew he was a stock seller? A. When I first knew him he was a commercial traveller.

Q. What became of him after that; when did he take up stock selling? A. I did not know he was stock selling till he was selling for Mr. Travers.

Q. When did you know he became connected with the organization of the bank? A. After Mr. Travers' engagement in March.

Q. Then you knew that Mr. Lindsay was— A. Selling stock for Mr. Travers.

Q. Who was the one, so far as you know, that was taking over from the provisional directors the charter? A. The shareholders of the bank, that is what I understood.

Q. Who was going to supersede you people? Who was to be the— A. To be the next board of directors?

Q. Yes; was any arrangement made about that? A. No arrangement, so far as I know or remember.

Q. It was understood you all would drop out, was it not? A. I don't know whether it was understood that way or not; there was nothing said to me.

Q. At all events, you were quite sure of it when you went to the meeting and were turned out? A. Yes, but before that, I have a letter from Mr. Travers, but I have not got it with me—

Q. Telling you that? A. Asking me to be a director.

Q. And you declined? A. Yes, sir.

## SESSIONAL PAPER No. 153a

Q. Was any one associated with Travers in March or in July when those agreements were made; they are made with him personally? A. They were made with him—do you mean anybody else in the room with him?

Q. No, any one associated with him in the affair? A. No, they were all with Travers; so far as I know, the provisional board did not know anybody else in the transaction but W. R. Travers.

Q. You mean you did not know any one was associated with him, you thought he was doing all of this? A. So far as the agreement was concerned.

Q. Did you know that anybody else was associated with him in the matter, did you recognize Lindsay as one of his associates? A. No.

Q. Or any one else? A. No.

Q. Were you aware at the time when that resolution was passed on the 8th October of the amount of commissions that had been paid out by your co-directors? A. No, I do not remember.

Q. Would you have been surprised that that amounted to \$21,000? A. I would not have been surprised.

MR. COMMISSIONER: I do not quite understand what the reason was of Mr. Travers treating you the way you say he did, had it anything to do with your refusal to become a director? A. I don't think so.

Q. Had you no words together, nothing to lead up to? A. Mr. Travers and I we never had any words; while he did not take very kindly to me after I did not sign the agreement for a while, but the more I saw of the man the more favorably impressed I was with him, and Mr. Smith being a brother-in-law of mine, he had some feeling towards Smith, and I suppose he thought that probably I was there to try and spy and see what was going on and then carry the news to Mr. Smith; I had no intention of that at all.

Q. That is Mr. C. H. Smith? A. Yes.

MR. HODGINS: Can you say where Mr. Smith is now? A. So far as I know I think he is in Vancouver. I have not had any communication with him since last November.

## A. S. LOWN, Recalled by—

MR. HODGINS: Q. In the accounts of the provisional directors I want to ask you about an item which appears charged to you and that is an item of \$560; is that any part of your fees, or is that a loan or what is it? A. No, it was mostly for travelling expenses.

Q. It appears as a separate and distinct item quite apart from these items in the books, it seems to be carried through as a special item? A. It is made up I think of a number of small items, and I think it was mostly for travelling expenses as far as I can remember.

Q. The travelling expenses of the provisional directors are all charged up at the sum of \$1,057, and their fee likewise, and so on, and then comes these items; furniture \$327, and A. S. Lown \$560—can you throw any light on that item? A. I was at Ottawa twice or three times, and I was a great number of places, and I think that \$560 was allowed me for my time and my travelling expenses.

Q. Why would it be charged in a separate account? A. I don't know.

Q. Are you able to say that does represent travelling expenses and it is not included in the \$1,057? A. The \$1,057 would be travelling expenses of directors to and from home, and this was separate travelling expenses.

Q. Where to? A. I was in Ottawa, Woodstock, Embro—

Q. How would that differ from the travelling expenses of any other director? A. I don't know why it was charged that way.

MR. COMMISSIONER: What is the date of that?

MR. HODGINS: I don't know, you can trace it up.

MR. COMMISSIONER: The books will show that. A. I think it is made up of a number of small items.

Q. Did it include your travelling expenses to Ottawa? A. I cannot just recollect off hand. I remember the matter came up before the Board of Directors and the item was passed.

Q. You have a distinct recollection of the item? A. Yes.

Q. That it was passed for travelling expenses? A. I think for travelling expenses.

Q. You were down, were you, in Ottawa, several times for the charter? A. Yes.

Q. Were you down on the last occasion 1906? A. Yes.

Q. Would it have included the expenses there? A. I don't know what the last date of that—

Q. I won't spend any more time now; we may have Mr. Clarkson give us the details of that, and if it is of any importance I will get you to speak of it again. I thought you could tell me offhand.

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JOHN FERGUSON, Sworn, Examined by—

MR. HODGINS: Q. You have lived in Toronto and are a physician? A. 37 years I have lived in Toronto.

Q. And you were one of the original provisional directors? A. Yes, sir.

Q. Who got you into the directorate? A. Through my acquaintance with Mr. Smith and Mr. Lown.

Q. Had you any stock? A. No, sir.

Q. You never had any financial interest in the matter? A. As an incorporator and provisional director only.

Q. You had no financial interest in it? A. I took no stock, although I may say here by explanation, it was intended I should have done so, but close to the end of our provisional work and nearing the time of calling the shareholders together Mr. Travers expressed to me his feeling in the matter that he thought if he got business men associated with him on the Board that it might perhaps be of better interest to him. I said "Anything that will assist you most will suit me also."

Q. You had the intention? A. That was my intention at that time up till that conversation occurred, and that relieved me of becoming a subscriber and going on with him further.

Q. During all this time since the incorporation until the end of 1906 you had never been asked to take any stock? A. Not further than that understanding with Mr. Travers that I should do so; just as the time came about when he then interjected this—

Q. I understand that; did you know that your other provisional directors were in the same position that they had not taken stock? A. I think none of them had taken stock but Mr. Lown, and I think just a small amount he had.

Q. He is down as a subscriber for one share? A. Yes.

Q. What was the modus operandi of getting stock subscribed for? A. That was done through Mr. Travers.

Q. Before Travers came on the scene at all? A. Mr. Smith had disposed of a considerable amount of the shares of the bank and then subsequently we had a Mr. Beith, an old experienced banker with us for some time. I do not know how much was disposed of during his term, and then Mr. Travers came on and completed the organization.

## SESSIONAL PAPER No. 153a

Q. Up to Mr. Travers coming on had Mr. Smith been paid a commission or was he on commission? A. Yes, he was receiving a commission.

Q. What commission were you paying Mr. Smith? A. I think it is the same, speaking from memory, I think it is 10%.

Q. During Mr. Smith's time there were no notes taken for stock, were there? A. Not at that time.

Q. It was all cash subscriptions? A. Payments of cash according to the terms of the subscription.

Q. No notes were accepted? A. No.

Q. Who was the one who, so to speak, ran the matter for the provisional directors? A. Travers almost solely—

Q. Before that? A. Mr. Smith, he would be the principal one. He was in the office.

Q. Had you an office? A. Yes.

Q. Where was it? A. We had offices in rooms in the North American Life Building, King Street.

Q. I thought you had an office at Aurora? A. No.

Q. There was a meeting held out there? A. No, office there, no meetings held.

Q. You are familiar with the minutes, you know what occurred from time to time? A. Generally so.

Q. You came to the conclusion, you and the other directors that you could not put it through? A. I don't know that we came to that conclusion, but we came to the conclusions that are minuted there. One resolution was that we would return such moneys as shareholders had paid and discontinued the effort.

Q. That resolution was actually carried, was it not? A. No, that did not meet with the majority of the provisional directors.

Q. You were the one who moved that? A. I moved that resolution.

Q. But that was not acceptable? A. The record is there, two to three.

Q. I see that is on the 13th February, 1905, you moved, seconded by Mr. Fraser, that all moneys paid on shares now placed be returned and the expenses up to date be defrayed equally by the provisional directors—that was lost? A. Yes.

Q. You moved, seconded by Mr. Fraser, that application be made to extend the time? A. Just so.

Q. After that had you success during the following year? A. Well, no. The success was not very great, there was still some stock being sold, but Mr. Beith did not seem to push it with marked success, and we arranged with Mr. Travers.

Q. Am I right in saying that you had practically given up any idea that you could succeed in it when Mr. Travers came along? A. No, I do not think that was in our minds, because if we had not arranged with Mr. Travers there were several other very promising and experienced banking men whom we had in view as being able to take the matter over and succeed, but he impressed us favorably, and the arrangement was made with him.

Q. That arrangement was in short to turn over the charter to him together with the benefit of the subscriptions? A. Turn over the organization of the company to his hands so that we would co-operate with him as provisional directors, but he would do the work on a commission basis.

Q. And he was to have the right to organize the bank as he thought well? A. Yes, as arranged in those agreements. They set forth the terms that we understood each other.

Q. I don't know that I need go over those with you; you were aware, I suppose, soon after Travers took hold that he was taking notes for the subscriptions? A. That became known to us, and we refused to accept them till we had legal opinion.

Q. And you got legal opinion? A. Yes.

Q. And thereafter you raised no objection? A. Oh no, we were guided by good legal opinion.

Q. And that opinion was got shortly before the agreement of the 4th July? A. Yes, it was about that date, shortly before.

Q. Then it had been got I think between the 12th March and 14th July? A. Yes, it was close up to somewhere in the middle or latter part of June that the note question came up.

Q. Had that anything to do with enlarging the amount that was to be paid to the provisional directors? A. Not the slightest. There is here a point that has perhaps not been brought out as clearly as it ought to be and just as it should be; the agreement of the 12th March in which \$16,000 is mentioned arose in this way: a certain amount had been expended, an unknown indebtedness probably had been incurred by agents in the sale of stock of one way or another and Mr. Travers says, "now, give me some sum sufficiently large that will cover the disbursements of the provisional directors",—no emoluments for us whatever,—"to cover your legitimate disbursements, and if it is too much it will be so much the better for me, because I will have less to pay out, but put it at some sum that you won't have to come back to me for more", and that is the reason for that \$16,000 being put in there. I think at that time, if my memory serves me, there were probably ten or eleven thousand dollars, I don't know exactly, that we had reasonable knowledge of having been expended and there might be something out that we did not know of, still incurred; that is the explanation of that \$16,000.

Q. He did not want you to come back to him for more? A. No.

Q. Why did you go back to him on the 4th July? A. We did not go back to him whatever; there was no connection. The first was a provision for disbursements; the other was provision for compensation to us, wholly different issues, and it was not raising the question at all, it was not climbing up the ladder.

Q. Excepting as a matter of figures? A. It was not climbing up the ladder even as a matter of figures; they were two different questions.

Q. \$16,000 in the first instance and \$20,000 plus all those expenses in the second? A. That is not the true position. The \$16,000 was a provision for legitimate disbursements, such as office rent, stationery, telephone, small commissions and travelling expenses.

Q. Directors' fees? A. Not a cent whatever for directors' fees excepting some Board meetings that might have previously been attended were included as disbursements, but the other agreement was a specific provision outside of these office expenses for compensation to the provisional directors and to Mr. Smith.

Q. You have a pretty good knowledge of it; what was the reason for the claims of compensation for \$20,000 which had not been in the first agreement? A. There was nothing in the first agreement for compensation at all; get that cleared away. This other was almost solely, as has been stated already, Mr. Travers' own suggestion. He said he was well acquainted with banking matters and with organization of banks and provisional directors who had spent so much time as we had were entitled to compensation, and he mentioned twenty-five to thirty thousand dollars frequently as a reasonable sum to put in for that purpose.

Q. He was buying the bank from you? A. Never mind, that was his suggestion. But here again let us be fair and make a statement or two; Mr. Smith was to have been an employee of the bank, he was giving up that position and relieving himself of that; he had an undertaking also for the sale of some stock for a certain block of stock on which we would have made considerable money, and he was surrendering that over and which would go through Mr. Travers' possession, and in lieu of that he was to get out of that amount \$5,000. He was not a provisional director at all, but Mr. Travers was to protect him to that extent out of his own emolument.

Q. That was an additional payment beyond the \$20,000? A. Not at all, it was part of the \$20,000.

## SESSIONAL PAPER No. 153a

Q. But the \$20,000 is specifically, I think, in the agreement for the benefit of the provisional directors? A. Yes, but there is an agreement that \$5,000 of that was to go to Mr. Smith, \$2,500 at the time and \$2,500 later.

Q. It was not with Travers? A. No, it was coming out of the fund just the same.

Q. But it was not an agreement with Travers? A. Probably not.

Q. He had to pay you? A. Yes.

Q. You mean you were taking care of Smith? A. Yes, that was the ultimate distribution in that way.

Q. To the extent of \$5,000? A. Exactly so.

Q. You of course saw a pretty good thing in it when Travers made you the offer of twenty-five to thirty thousand dollars. A. Not at all, for the amount I received out of it I would not go through the same amount of trouble again for—

Q. I am putting it to you this way: it was generous for Travers to give you twenty-five or thirty thousand dollars for what you have done, you and the others, you did not regard it as a generous offer? A. So far as I was personally concerned I did not.

Q. Then you must have divided up the sum in your own mind in order to judge that? A. How?

Q. You said, "so far as I am concerned it was not"? A. So far as the amount coming to me was concerned I did not look upon it.

Q. What was the amount? A. I got \$1,500 out of that first division.

Q. Was that arranged at the time Travers agreed or offered the \$25,000 or \$30,000? A. I do not know how far that arrangement was made with Mr. Travers.

Q. What I want to get at is this, see if I am right, I was suggesting it was a generous offer of Travers to give you people, who had practically failed in organizing the bank, twenty-five or thirty thousand dollars for your own work up to that date; I was going to ask you whether in view of that offer you, the provisional directors, did not agree to take care of Mr. Smith who was not a provisional director, and did not negotiate with him and get him to come in and agree, is that a fair statement? A. He was not a provisional director, and for that reason he was not in the agreement.

Q. But you could not carry through the agreement and hand things over to Travers unless Smith was settled with? A. Yes, because you see we were the provisional directors, we could bargain as we pleased; we were not held up by Smith in any way, but we felt it a proper thing to do.

Q. I thought you said Mr. Smith had an agreement with you? A. Yes.

Q. For a block of stock? A. Yes, and he was quite willing to surrender that and come in

Q. On getting \$5,000? A. Well, no, he had two understandings; he had two conditions; first of all he was to get his permanent situation, and secondly had this arrangement for a block, and this was in lieu of that; this was all done as a matter of perfectly fair, frank conversation and discussed amongst us.

Q. It was a matter which ultimately resulted in a bargain after talking it over? A. It did, ultimately it resulted in that agreement.

Q. And the result of the agreement was that the provisional directors got Smith to agree to take so much in full of all his claims so that they could turn the thing over to Travers? A. Well, of course, it gave Smith what we thought was justice, and out of that total sum of money—

Q. Out of the money which was offered by Travers? A. By Travers, out of Travers' own income.

Q. What had you done to justify your making that agreement on behalf of the provisional directors to get \$20,000 for their services for two years? A. As far as I was concerned I attended the bank offices very, very frequently, not only meetings, but was in instant communication with those in charge of the work.



Q. Nothing more definite than that? A. I have no detail, I kept no minute, no record personally of my visits to the bank offices, and conversations with them, and seeing the people and so on.

Q. What were the financial results of your efforts to the bank? A. Oh, well—

Q. Did you produce any subscriptions? A. No, I took no subscriptions.

Q. Did you get any commissions? A. No.

Q. What amount did you get out of this \$20,000, or rather out of the \$10,000 that was paid? A. \$1,500.

Q. All told? A. Outside of the small amount off directors' fees paid.

Q. Did that include both your share of the \$10,000 and the settlement for the balance of the \$10,000? A. The settlement of the balance of \$10,000 was in July of the following year, and was for \$200.

Q. It would be \$1,700 you got? A. Yes.

Q. What director's fees did you get? A. Probably a couple to \$300, I don't know exactly from memory, it was a small amount.

Q. \$200, I see your receipt is dated June 19th, 1907? A. Yes, that is the settlement on the remaining one-half of the agreement.

Q. Why did you settle in that way—allow me to put this to you; Travers had undertaken with you in July that he would pay you \$20,000? A. Yes.

Q. Irrespective of whether the bank sanctioned it or not? A. Yes, he was to pay that out of his own.

Q. He had succeeded in getting the bank up? A. Yes.

Q. And it was in a flourishing condition in June, 1907? A. Yes.

Q. And he was getting a salary of \$5,000 a year? A. Yes.

Q. What was the reason for the settlement? A. I had met him occasionally, and in conversation he said he would like if I would, and he thought the rest would, be easy with him, he had difficulties and the disbursements had been somewhat heavy in one direction and another, and I wished him every success, and was quite satisfied to practically forgive my claim to him and settle for that amount.

Q. I suppose you realized you had not any claim, you could not have enforced it? A. I looked upon it as valid.

Q. You all seem to have taken the view you had better take a few hundred dollars and get out? A. No, it was not scalping it because I thought I had no claim, but I wished Mr. Travers to succeed. He said he had had heavy expenses, and I was perfectly willing to assist him in every way.

Q. Did you know what the expenses charged up as spent by the provisional directors were? A. Not from the books, I did not investigate the books.

Q. Did you ever go over them to see? A. No, I did not add them up.

Q. Did you know they amounted to \$44,000? A. From the information furnished me from the books, about that.

Q. Did you know that that included the \$10,000 which Travers was paid? A. Yes.

Q. And which you and the other directors got back? A. Yes; that was included in the disbursements to Travers as a commission and then payment back to us.

Q. Did you think that was fair to the in-coming shareholders, that arrangement you made that he should get the commission and pay it back to you? A. We did, otherwise we would not have entertained it for a moment; I thought we were doing him a perfectly fair thing when we paid him a commission.

Q. You did not realize the extent to which the expenditure had gone, did you? A. We were assured by him it was not heavy for the promotion of a bank, about forty odd thousand dollars.

Q. Were you astonished when Mr. Lown read out that report stating the expenses were \$44,000? A. Oh, no.

Q. Did you know that that included \$11,000 odd of directors' fees during that time? A. That would include that \$10,000 as well.

## SESSIONAL PAPER No. 153a

Q. No it would not, would it? A. There was no \$11,000 directors' fees in addition to that \$10,000.

Q. You think not? A. Positive.

Q. It must either be in the one item or in the other, commissions or directors' fees? A. I do not know how the \$10,000 was entered up in the books, that I cannot tell you.

Q. I understand you to say that either commissions or directors' fees would include the \$10,000? A. Yes.

Q. That would make \$32,000 altogether, including that sum? A. No, no.

Q. Commissions are \$21,000 and the directors' fees \$11,000? A. Yes, but not to us I mean.

Q. Oh, no, you did not get any commissions? A. No, our directors' fees were probably about \$1,500 all told.

Q. Outside the \$10,000? A. Yes, making eleven or twelve thousand dollars total going to the directors.

Q. You do not know anything about the payment of any other sum to him on account of his commission, to Travers? A. Later on?

Q. Yes? A. No.

Q. Did you attend the organization meeting? A. No. You see I was not a shareholder, and I understood for that reason I could not attend, but there was another reason; Mr. Gallagher, who was a provisional director at that moment was practically in a dying condition, and I with two other medical men were attending upon him that day.

Q. Do you know anything about Travers borrowing from the Trusts & Guarantee Company? A. I knew he was raising money on the notes but I did not know where.

Q. That was clearly understood by the provisional directors that he was doing that for the purpose of making a payment? A. He had told me so.

Q. And you, of course, realized that it was you as provisional directors that had to make the deposit out of the moneys? A. We made the deposits.

Q. You had to make the deposit out of the moneys, paid on account of the subscriptions? A. We had to receive money on the subscriptions.

Q. Were you aware that he was not doing that, but was raising money outside, paying in money raised outside and not money paid on the subscriptions? A. Yes, I knew he was using those notes, but my understanding of the transaction was this, that a certain person made a note which we had accepted under legal advice. That note was made to the provisional directors and endorsed over by him to deposit somewhere to get the money for these people we looked upon that as a perfectly legitimate transaction.

Q. Did you realize that the list of shareholders to go in would have to show the amounts that each shareholder had paid upon those subscriptions? A. No.

Q. That that list would have to go to the Department of Finance? A. No, I do not know that I knew that in those specific terms, but even if so they would get credit for the money that would come from the notes; the bank was not obligated in that transaction.

Q. What bank? A. The Farmers Bank.

Q. Obligated in what? A. In these notes.

Q. Why not? A. Because the people made the notes to the provisional directors and the provisional directors turned the notes over to Mr. Travers.

Q. Then you are familiar with the Bank Act, are you not? A. I did not pay a very great deal of attention to it.

Q. Who owned the notes that were given by these shareholders? A. They were made to the provisional directors.

Q. Whose property were they? A. They were made to the provisional directors endorsed over to Mr. Travers.

Q. I did not ask that, whose property were they?

MR. COMMISSIONER: You are asking him perhaps a difficult question of law; he is not bound to answer.

MR. HODGINS: I did not mean to put it that way. A. My understanding was they were not the property of the bank.

Q. Did you understand that your duties of provisional director were limited to receiving subscriptions and payments on account thereof? A. That is what it said, but I do not know that I or any one else can say what that means.

Q. You are not to be blamed for not knowing the law or otherwise, but did you know that the money which came in on the subscriptions was something to hold in trust, and that you could not deal with except under the Bank Act? A. Generally, that would go for granted.

Q. Did you regard the notes in the same way, as held by you in trust? A. We would regard the notes as received by us in trust for those people to be used in a proper way, and we believed—

Q. What way did these people authorize you to use the notes? A. They gave the notes to the provisional directors.

Q. Is that correct, as a matter of fact, Dr. Ferguson? A. I think so.

Q. Were they not payable to the Farmers Bank originally? A. There may have been a few of them that way, probably a few.

Q. And were they sent back and made over again payable to the provisional directors? A. I believe some were, but what few I do not know.

Q. From that on they were all taken to the provisional directors? A. Yes.

Q. There is no doubt you knew they were from shareholders and subscribers? A. We knew that.

Q. You knew then you had no right to use them to raise money upon them? A. We did not know anything of the kind; we thought we had a perfect right; why should we not?

Q. Why did you not raise money on them? A. Money was raised on them.

Q. Why did you not? A. Mr. Travers was managing the bank and we endorsed them over to him.

Q. Did you assume he was raising the money on those notes? A. Yes, he was getting money advanced on those notes.

Q. He was getting it for the purpose of the bank only? A. For the purpose of supplying for these people in payment on their shares.

Q. He would have no warrant for saying he was borrowing personally upon those notes? A. I do not know whether he says that or not.

Q. Supposing he did, is that your understanding of it? A. I could not say; that might be a legal question that I have no means of answering.

Q. You either knew they were handed over to him to do as he liked with or handed over to him for a specific purpose, which was it? A. To get money.

Q. And not to borrow money personally upon the notes for his own benefit? A. Certainly not for his own benefit but to apply it back to the credit of these people who had made the notes.

Q. It was intended when you endorsed those over to enable him to raise money upon the notes for that purpose? A. Yes, he was to use the notes for that purpose.

MR. COMMISSIONER: Do you know why it was that the change was made from making them payable to the provisional directors? A. Mr. Travers told me himself, "I have been legally advised this is the proper way to do; the bank is not authorized, it has not a Permanent Board, and if it could not in its own right negotiate its own notes, and if you will do it this way it will put it in a position that it is negotiable paper".

Q. When did you settle with Smith that he was to get the \$5,000? A. That would be about the 4th of July, 1906.

## SESSIONAL PAPER No. 153a

Q. It appears that about the time that the certificate was being obtained from the Treasury Board, Smith was in Ottawa pressing a claim of \$1,800, part salary and part commission; from what you have already said I judged you thought his claim had been settled in full? A. He was to get \$5,000; he got \$2,500 on that July date; then there would be \$2,500 left to him out of the remaining \$10,000; it might have arisen somewhere under that, that he was pressing for that \$1,800, but on that I cannot give you any definite information.

Q. Did he agree with you that he would give up all his claims against the bank for the \$5,000 that you were providing he was to get? A. Yes, he was giving up his claims to any position in the employ of the bank, and also returning to the treasury the block of I think \$100,000 of this stock that he had to sell.

Q. Supposing he had sold stock on commission, and that salary was due to him, was that included at all? A. No, any commissions earned at that time, would not, I do not think.

Q. Nor his salary? A. No, nor up to that date his salary.

Q. It was simply those two items? A. Yes, of \$100,000 of capital stock that he had a right to sell, and his prospective situation; just those two items.

Q. Why was it important to get rid of his right to sell that \$100,000? A. Mr. Travers wished it; he said that he must have the absolute control so that "I can direct the whole thing and be absolute in control".

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ALEXANDER FRASER, Sworn, Examined by—

MR. HODGINS: You were one of the provisional directors? A. Yes.

Q. You live in the City? A. Yes.

Q. And were living here in 1906? A. Yes.

Q. Who got you into the bank? A. Dr. Ferguson suggested.

Q. An old friend of yours? A. Yes, my medical doctor.

Q. I suppose, however, he said to you to come on and you need not take any stock? A. No.

Q. Was not he giving you his own medicine? A. No, I think on that point it was the intention at the beginning of all the provisional directors to take some stock.

Q. They had all the intention? A. But not till near the end to see what would be required in the final close up; I think that was the general understanding of the conversations regarding when we should take a little stock each.

Q. You never did any way? A. No.

Q. So that you are another of those who had no financial interest in it? A. Yes.

Q. During the two years you attended the board meetings, I suppose? A. Yes.

Q. And I suppose when these agreements came along, when you felt you had failed and the agreement came along and Travers offered this amount you regarded it as a good windfall? A. No, I would not like to put it that way.

Q. You did not do any work? A. Yes, I did a great deal.

Q. You were paid commissions? A. Not for the work—commissions were paid to me in connection with the selling of stock.

Q. That is really all you did except attending board meetings? A. Oh no.

Q. Was not Mr. Smith the one who did the active management of the bank affairs? A. No, Mr. Smith did the outside work, the field work, and I did the inside work for considerable time; I acted as secretary.

Q. You were paid for that as secretary? A. Not a cent.

Q. Was there no salary at all? A. No, that was entirely gratuitous in view of the final settlement with the shareholders' meeting.

Q. The amount you got as commission was \$800? A. That is wrong.

Q. How far wrong? A. It is wrong by one-half.

Q. Do you mean you had to pay sub-agents? A. That was on account of sub-agents.

Q. You do not dispute the figure that you got \$800, but you had to divide it up with some one else? A. No, I did not get the money; but I had to give a receipt for \$800; the agents did not hand in their commission with the money they sent in on payment of the stock; so that I did not get the money, but I gave a receipt for it, because I have their receipts for it.

Q. I have the provisional Board's ledger here, in which you are down for various items aggregating \$800, how much did you get? A. I got \$400.

Q. Who got the balance? A. The agent in the field.

Q. He had no bargain with the company? A. No; he had with me.

Q. Or with the directors; you would be entitled to draw it upon the subscriptions, you would be bound to pay him one-half? A. Yes.

Q. That is what happened? A. That is not the way it was done, but to the same effect.

Q. You only netted \$400 out of \$800? A. Yes; that was on account of Mr. Smith's stock, and I acted for Mr. Smith's stock.

Q. What do you mean by on account of Mr. Smith's stock? A. There was an agreement with Mr. Smith that he should have the right for the selling of so much stock, and he asked me to communicate with people that he thought might act with me in selling that stock.

Q. However, whatever you did you got paid for, and Smith got paid for his? A. Smith had directly nothing to do with that himself; I reported to him, however.

Q. You know, of course, about these agreements? A. Yes.

Q. You knew about them and signed them all? A. Yes.

Q. How much did you get out of the \$10,000? A. \$1,500. There is the explanation there. I got a cheque for \$3,000 out of the \$10,000 and that cheque is on record, but that cheque was divided between Dr. Ferguson and myself equally.

Q. Why was it necessary to do it that way? A. Because we did not expect any money that day, and it came on us by a surprise.

Q. What? A. \$10,000, and we had not settled what proportion ought fairly to go to each one, and we left the final adjustment for the second payment, which was expected. That also accounts for Mr. Watson—

Q. You say it came on you of a sudden? A. Yes.

Q. Why should they make a cheque to you and not to Dr. Ferguson? A. There was no reason why that should not be done except that it was not done.

Q. You were to get \$3,500 out of the \$20,000? A. Yes.

Q. So that your half of that would be \$1,750? A. Yes.

Q. How much did you get? A. I got \$1,500 and \$200 subsequently in settlement of the second \$10,000 which was settled for, as explained already by the others.

Q. Dr. Ferguson is down for \$3,500 out of the \$20,000 and you are down for the same thing, making \$7,000 in all, so \$3,500 would be your share and his together out of the \$10,000? A. Yes.

Q. Why did you not get that full share? A. I am not very clear as to that; my impression is that we thought it would be rather large in proportion to what the others would get.

Q. Who got the \$500 that should have come to you and Dr. Ferguson? A. I think that part of that was given to Mr. Watson and part to Mr. Gallagher; they were under heavy expenses of travelling, and I think they put it that way them-

## SESSIONAL PAPER No. 153a

selves, until the final settlement; that would be the more decent thing to do at that time, to give them a little more.

Q. I thought you said you had a claim for your time? A. Yes, I acted for, I suppose, a year as secretary; practically for three or four days a week at noon hour; we had a regular office and a stenographer, and I carried on the correspondence with the people throughout the country, interesting them in the bank, and then I prepared the notices for the newspapers and advertisements, and did a good deal of work, and I travelled ten or twelve times out of town. These things were services that Dr. Ferguson thought were fully as valuable as those he gave; I thought his services were more valuable, and at this very disposal I suggested that he should have more than I should have. There was very good feeling in the whole matter.

Q. I should think so, dividing up this amount? A. That explains the difference in the amounts paid.

Q. I suppose it was Mr. Travers that put it into your minds that you ought to be paid for your time; you had always intended to take stock and always intended to give your service for nothing in consideration of what the stock would be worth? A. Oh, no.

Q. You always expected to have remuneration? A. Yes, from the shareholders.

Q. Even before Mr. Travers had suggested it? A. Yes.

Q. But you had not his exalted ideas of the amount? A. It was suggested to us several times that this bank would likely do for its provisional directors what other banks were said to do, that a certain amount of honorarium would be given to them for their trouble.

Q. Dr. Ferguson seemed to indicate that Travers' ideas were a good deal bigger than his? A. So they were, and we reduced on that.

Q. You held him down? A. Yes.

Q. Do you mean to state you really told Travers you would not take the amount he offered? A. We told him in plain terms, I remember perfectly well, I was one of those who said to him that we did not think the bank could stand \$30,000; that the expenses would be too high, and he said they would not be out of place at that figure, and he asked that instead of that they pay \$20,000.

Q. This was at the time that he was buying you people out and you were transferring things to him; when you were handing it over to him? A. I don't think we handed anything over to him.

Q. You gave him complete control? A. That was merely a matter of management.

Q. It makes Travers general manager, gives him the right to sell all the stock and gives him a pension; you knew you were handing that all over to him?

A. No, I do not think that was handing him over anything beyond the fact he had that position.

Q. What did you retain? A. We retained the right of doing the executive actions that we only could do.

Q. Doing the work? A. Doing the provisional directors' work.

Q. You just retained the privilege of doing the work, and he had all the profit? A. No, he did the work in the field; we did the work that was required by allotting stock and doing the work that legally could be done by the provisional directors, but he agreed and required that all the field work, the getting of stock and also the selecting of permanent directors should be placed in his hands, the first four only being subject to our approval.

Q. He got the benefit of all you had taken up in the way of stock up to that time in cash; he was to have the benefit of that in organizing the bank? A. I do not understand that.

Q. If you had \$100,000 subscribed and part paid up, he got the benefit of that and only had to fill up to \$500,000? A. He could not touch any of that money for his organization.

Q. But he was, so to speak, that far ahead? A. Yes.

Q. Then he got any notes that were taken in the same way? A. I do not think so.

Q. Perhaps there were not any notes taken at that time, you might be right there; he got the right then to sell all the balance of the stock? A. No.

Q. The agreement says so? A. The agreement reserves to Smith and to Urquhart, Urquhart & McGregor certain blocks set forth.

Q. That is the first agreement? A. Yes.

Q. I am speaking of the July agreement; that is the time when he came to you and offered you this \$20,000? A. Yes.

Q. Really you had nothing left when you made this deal with Travers—did you have anything you can think of left? A. If you mean the responsibility we should be very welcome, but we have still, and I think it is set forth in the agreement to do our part to help him, and at any rate to do the part that was necessary for him to do.

Q. "The directors agreed to allow Travers to sell all the capital stock of the said bank which is now unsold, the first \$500,000 of the capital stock at par, and the balance thereof at such a premium as may be decided upon up to the time at which the duties of the said provisional board cease, and to allow him a commission of 10% thereon for expenses of selling same. . . . and the said directors bind themselves to allot all the stock on the application of the party of the third part (Travers) and to make all legal calls thereon, etc". Then the directors engaged him for five years at \$5,000 a year increasing \$1,000 a year, and a pension of \$1,500; and the literature, and so on, is to be paid by the bank, and it is to confirm all acts done by Travers and all accounts incurred by him as general manager up to the date of this agreement. Smith give up his rights under the agreement of the 12th March and you get \$20,000 and then, "The said Travers to have full control of the office of the said bank and all the affairs pertaining to the organization thereof immediately after the signing of this agreement, and it is further agreed that until the organization of the bank all cheques are to be countersigned by him". Don't you think it can be fairly said that that meant you handed the whole thing over to him? A. I do not think we at all thought that we renounced our responsibility as provisional directors. I think we understood by that, I am speaking for myself, but I think the others agree that I can speak for them, that we believed that was merely giving him full charge of the organizing of the bank.

Q. Giving him the business end of it and you keeping the responsibility? A. We kept what was necessary for us to do, which course was comparatively small providing the stock was sold.

Q. Did you realize that responsibility right up to the end and down to the time when you handed the notes to him and endorsed them? A. Yes.

Q. Did you understand thoroughly that money was borrowed on those notes to pay the deposit? A. No, I did not know personally of that at all.

Q. But you understood that that was to be done, that that was the purpose of handing the notes over? A. I did not understand it that way.

Q. Did not you read the resolution? A. Yes; the resolution reads differently in my mind now from what happened at the time; I understood it was merely discounting the notes for the makers.

Q. The resolution anyway says, you hand them over to him for the purpose of raising this fund to go into the Receiver-General's hands, you knew broadly speaking that was the idea? A. Yes.

Q. Was he doing that for the provisional directors? A. Yes, I suppose he was.

## SESSIONAL PAPER No. 153a

Q. You understood he was completing the organization for you? A. For instance, the Receiver-General will not take notes; we regarded those notes as money, we were so advised, and the Receiver-General will not take notes, and we must then change it to money by discounting them and putting the money to the credit of the shareholders; but as a matter of fact I knew nothing until a year ago as to the transactions when the thing came out in Court, I had no idea. I wish to say in connection with the agreement and if I have no right to say you need not take it, but it has not been explained, today; but it may not be material.

Q. Go on and tell us? A. The agreement of the 4th July arose from trouble between Mr. Smith and Mr. Travers; it was not one of the directors seeking at all, nor I believe of Travers.

MR. COMMISSIONER: The first or second agreement or both? A. The first; I am willing to explain that as much as I can. The agreement of the 12th March when Mr. Travers came in left the field in the hands of three parties, Travers himself, Smith and Urquhart, Urquhart & McGregor, each having large blocks of stock to sell, Urquhart, Urquhart & McGregor \$100,000, Smith a great deal more, and Travers the remainder. Each of these had their agents in the field under the control of each of these three, and there was conflict in the field between their agents; Travers' men would go to a place like Georgetown and Milton only to find that Smith's men had canvassed the place, and the trip there was of no avail, it was too late; and Travers said, "I cannot sell the stock required if Smith is to come in with inefficient canvassers of the whole field". We said: "We have an agreement with Smith that is as valid as yours" and Smith refused to give it up. Urquhart, Urquhart & McGregor, when the difficulty was pointed out to them said, "Now, we have sold through our agents pretty much all we expect to do, and we will do no more, so that we will be out of the field". When we came together on the 4th July the date of this agreement, it was to compose—we had two things to do, to consider Urquhart, Urquhart & McGregor's letter regarding the taking of notes for stock instead of cash, and to compose, if possible the differences between Mr. Smith's and Mr. Travers' agents. This brought a feeling between Mr. Smith and Mr. Travers, Travers claiming that he, as manager, thought that Smith was subordinate to him, and ought to take instructions from him, and Smith told him he should not, he was independent of him. We had a great deal of difficulty in getting the two together. The result was we said to Smith, "You get out altogether, you are jeopardizing the success of organizing the bank". There was one time when we thought, Dr. Ferguson and myself, that we could not bring the bank through, and while we could out of our own means pay back to the shareholders the money expended we tried to do it, but we were overruled by our colleagues; that is the meaning of that minute where Dr. Ferguson moved and I seconded that we hand back the subscriptions to them. We felt anxious about the bank becoming a fact, and the expenditures which we thought we were perfectly legitimate in incurring, paying, should not become a debt on the shareholders. We then pressed Smith very much and said: "Out of whatever will come to us as our amount we will see that you will be paid for your sacrifice of your contract in Travers' favour"; that is the meaning of the first. Then after lunch hour Smith said, "I have no security, I have made a mistake". We tried to get him to leave it as it was, because it was very hard to deal with Travers when he decided a thing, very hard to get him to re-open it. When we went back we said: "Smith thinks he made a mistake, that he is not secured at all, that we may get nothing from the shareholders; if not, we fall to the ground also. Could not something be done to satisfy him?" "What does he want? Does he think the shareholders will throw you down for the service you have been giving or does he think I will"? Out of that conversation came the second agreement in which Travers, independent of the shareholders, personally undertakes to pay \$20,000 and to pay it out of his commissions. We thought he was legally entitled to his commission, and that the money coming to



him as commission was his money, and he says, "I will reimburse myself for that from the shareholders when they meet." That was the whole story of the second agreement, and of the two agreements on the same day.

Q. That is not carried out by the documents; there are two agreements of the 4th July, one made before and the other after lunch, is it not? A. Yes.

Q. The second one was for division, was it, a division up of the claim? A. No, the second one was transferring—

Q. I see, the responsibility to him? A. Yes.

Q. Did he stipulate you should pay him \$10,000 in commission before he had agreed to the second agreement? A. No, that is what came unexpectedly on us.

Q. The second agreement is the one that bears the receipt at the bottom? A. Yes.

Q. So that it evidently was not considered when the first agreement of the morning was considered? A. No, it was not.

Q. Is it part of this agreement that he would agree to assume that if you paid him the \$10,000? A. No. That was an after thought of his own.

Q. I understood Dr. Ferguson to put it that way—

MR. COMMISSIONER: That is not quite the way he put it; if he got payment of \$10,000 in cash on account of his commission, he would turn it over to them on account of the \$20,000.

MR. HODGINS: Just give us your view? A. I think Travers was realizing at that time that he was meeting with difficulties he did not expect; he certainly brought to the provisional board a splendid list of substantial men, and we believed that those men were behind him, genuinely behind him, and we thought that that would guarantee his success.

Q. Your idea is there was first the agreement before lunch? A. Yes.

Q. And secondly there was the agreement after lunch by which Travers took the burden? A. Yes.

Q. And after that as an after thought he said give me \$10,000 out of my commissions and I will give you \$10,000—is that significant? A. Yes, but the motive is not there. Mr. Travers wanted that money paid to him that day anyway; it was due to him anyway, and more; he said there were thirteen or fourteen thousand dollars due to him that day, and he said he wished to pay out of that, and the money would have gone to him that day whether the money would have come to us or not.

Q. Did you make any investigation that day as to whether the \$10,000 was due to him? A. Yes.

Q. What investigation did you make? A. We asked Mr. Smith who was the bookkeeper.

Q. Did you know at that time that Travers was taking notes for the stock? A. Yes.

Q. You had been advised only that day I think you said it was legal? A. That the advice was considered only that day; we had it a day or two before but not all of us.

Q. Then you knew that? A. Yes.

Q. You say you investigated through Smith, asked Smith about the subscriptions? A. Yes.

Q. Did you consider you were bound to pay him over \$10,000 on those deferred subscriptions, those notes? A. We did not consider that as deferred subscriptions; we considered them as genuine subscriptions.

Q. But deferred, they had not been paid in cash? A. Yes, that is so.

Q. Did you know the terms of them, did you know how long they ran? A. No, I never saw any of the notes.

Q. Did you take up any position with regard to that? A. No.

Q. Travers on the one hand was offering to guarantee you practically this \$20,000 if you made this agreement and got Smith into line? A. Yes.

## SESSIONAL PAPER No. 153a

Q. That is right? A. Yes.

Q. When he said "I will pay you this on account if you give me this \$10,000", was that an after thought and after the agreement was signed? A. Yes, that was an after thought of Travers.

Q. The provisional directors paid him then on the spot, on the same day, without considering the question as to their liability? A. I do not understand that point.

Q. You did not go into the question as to whether you were bound to pay him on the amount secured by these notes? A. We understood all along that we were bound to pay him commission on all stock, because he had to pay his men in the field.

Q. You had up to that date a doubt in your mind as to whether they had a legal right to take notes? A. Yes.

Q. Then the legal difficulty was removed? A. Yes.

Q. Did you consider the point or were you advised in any way as to whether you were bound to pay him the whole commission on the whole subscription on the amounts deferred? A. No, we did not doubt.

Q. He said, "You pay that to me and I will hand it back to you"? A. Yes, that was done but not in that way.

Q. You may be quite right in putting it that way; it looks as if another interpretation might be put upon it; you put the interpretation on that it was a perfectly natural and reasonable arrangement? A. We had no doubt at the time that we had to pay the full commission to Travers and to any other agent for stock accepted by the provisional Board.

MR. COMMISSIONER: Whether it was paid either wholly in cash or not? A. Yes.

MR. HODGINS: Had you accepted those as subscriptions on that day—your minute shows that? A. Yes.

Q. You do say you had accepted subscriptions on which he would be bound to get \$10,000 from the 12th March to the 4th July? A. I do not know that I understand.

Q. I want to know whether you knew that you were legally bound to pay the \$10,000 that day—had you approved and accepted the subscriptions? A. I do not think we went into the matter in that way so minutely as that.

Q. What do you mean by saying you knew you had to pay him?

MR. COMMISSIONER: He knew, he said they owed him \$14,000? A. We asked Mr. Smith, who kept Travers' account, how much we owed Travers on account of commissions up to date, and he said somewhere between \$13,000 and \$14,000; it was two or three thousand dollars more than the ten thousand dollars.

MR. HODGINS: I quite understand you taking his word for it; did you take anything else? A. No.

Q. Can you say whether you had approved of subscriptions up to that time taken by Travers? A. Of course the inference is if not we would not owe him that commission, but Mr. Smith kept the books.

Q. What had the course been with regard to Travers' subscriptions, those he brought in? A. That is before the 4th July?

Q. Yes? A. I am not familiar with that; after Travers came in I merely attended the formal meetings that were called and knew very little about the details of the work or the office.

Q. You want us to accept the statement that this money was properly due to Travers and I am only asking you to ascertain what steps you took to verify that; can you tell me between the 12th March, 1906, and 4th July, what the course of the Board was with regard to Travers' subscriptions? A. I cannot.

Q. The minutes will show that? A. Yes, the minutes will show.

Q. Had you seen these notes? A. No.

Q. Had you seen a list of the names? A. No.

Q. Did you know any of them were not good? A. No.

Q. Did you know anything about them? A. No.

MR. COMMISSIONER: As I understand you the early agreement was one by which you were to receive a certain sum when it was voted by the bank? A. I do not understand.

Q. The provisional directors were to receive the sum stated in the earlier agreement of the 4th of July on vote of the shareholders giving it to you? A. Yes.

Q. As I understand Smith, although he had at first assented, feared that the vote might not be favourable, and so he would lose his money? A. Yes.

Q. And it was in consequence of that that the arrangement was changed into one by which Travers took the risk of the shareholders confirming, and he agreed to pay you \$20,000? A. Yes.

Q. You agreeing to pay out of it \$5,000 to Smith? A. Yes.

Q. What did you understand was the course, or did you know anything about that with regard to crediting to Travers or Smith or anybody else who was selling stock his commission, when was that commission credited, or did you know anything about that? A. Not definitely perhaps to answer, but I believe the books will show. They ought to show that there was so much credit at the time of the subscription, and then so much at the time of allotment.

Q. What do you mean? A. That is to say that the agent could retain a portion instead of remitting it.

Q. Explain a little more fully what you meant by your statement as to your understanding with regard to the notes that were discounted; what was your understanding of that, that is the subscribers notes that were discounted; what did you understand was being done with those notes? A. I understand it this way—

Q. What did you understand at the time? A. That the notes were kept to the credit of the subscribers until the bank opened and after the bank opened that it would proceed to use those notes as part of its business, that is to collect them, the bank itself.

Q. You are not grasping what I mean to ask; You were asked about the discount of these notes in order to raise the balance required. A. That is at the time of the power of attorney?

Q. Yes, what was your understanding as to how this money was being raised? A. I understood that the notes were to be discounted, probably in a bank or wherever they could be properly discounted, on behalf of the subscriber, who gave his note instead of cash, and we were utilizing his note instead of cash for him.

Q. And the proceeds? A. The proceeds would go to the Traders Bank to the credit of the Farmers Bank to be ultimately sent to Ottawa with the deposit.

Q. To whose credit would go the proceeds of the discount in the books of the provisional directors? A. To the bank's credit, the same as if the notes were cash; the cash was deposited in the bank to the Traders Bank.

Q. You are not understanding my question; a man owed \$100 less 10% he had paid; he had given his note for the balance, who would get the benefit in the books of the bank of the monies raised by the discount of his note? A. I do not understand.

Q. You said the notes were discounted for behoof, as you Scotchmen would say, for the makers? A. Yes.

Q. How was the money to be treated as you understood it? A. The money would be deposited on the books of the Farmers Bank; I never thought of that before.

Q. You had not considered that? A. No, but I suppose it would have to take the place of the note.

Q. You do not know how the accounts were kept between subscribers and the bank or the provisional directors? A. No.

## SESSIONAL PAPER No. 153a

Mr. HODGINS: Did you know anything about what was to be done with the notes after the money had been raised on them and when they came back? A. No, I did not.

Q. You do not know what was actually done with them? A. No. Mr. Travers, I may say, in his Police Court evidence said that he thought that I was one of those who knew that, but as a matter of fact I had not spoken to him for six or seven weeks before; I did not know at all about them.

The Commission adjourned at 4.30 p.m. to 11 a.m. to-morrow.

The Commission resumed its sittings at 11 a.m., March 20th, 1912, at Osgoode Hall.

ALEXANDER FRASER, recalled.

Mr. HODGINS: I just want to ask you a question which was suggested to me by going over the provisional ledger again; I asked you about the amount of directors' fees, and you said the \$11,750 included the \$10,000? A. I do not know about that.

Mr. COMMISSIONER: It was Dr. Ferguson said that.

Mr. HODGINS: I thought it was Mr. Fraser that I asked about that? A. No.

Q. Are you aware, we discussed yesterday that \$10,000 payment and the fact that it was taken out of commissions? A. Yes.

Q. Did you know at all that was charged in as part of the directors' fees? A. Only what came out in the Police Court investigation.

Q. You do not know personally then about that? A. No.

JAMES G. FITZGIBBON, recalled by—

Mr. HODGINS: You were employed in the Farmers Bank? A. Yes, sir.

Q. From the beginning, pretty well? A. From the 19th November, 1906.

Q. You joined in what capacity? A. I was chief accountant.

Q. Would that be next to the general manager? A. Practically, at that time, yes.

Q. You had been a banker of experience before? A. Yes.

Q. For how many years? A. I was about 20 years in actual chartered banking, and some years in private banking.

Q. You filled positions of importance and knew thoroughly the working of a bank? A. Yes, the details.

Q. And the entries that would be made and how bank books are kept? A. Yes.

Q. And what they mean? A. Yes.

Q. You took up your duties about the 19th November? A. Yes.

Q. What did they consist of, speaking generally? A. The first work I undertook was making up the list of subscriptions in order to prepare for the organization meeting on the 26th November.

Q. When was the organization meeting? A. I think it was the 26th November.

Q. Did you make up that list in writing or typewriting or how? A. It was typewritten.

Q. Tell me if you recognize that list as the original list? A. That is a carbon copy of the original list that was filed at Ottawa, so far as I can judge from the fact that the totals are carried forward afterward on the machine itself.

List of subscriptions filed at Ottawa, marked as EXHIBIT 17.

Q. That you recognize (Exhibit 17)? A. That was a carbon copy of the original list.

Q. Do you know anything about that figuring attached to it there on that little green leaf? A. No, sir; they are not my figures.

Q. You do not know anything about that? A. No.

Q. You know this was the document used in the County Judge's Criminal Court and in the Police Court? A. Yes.

Q. You were giving evidence? A. Yes.

Q. You know this was the document used? A. I do not think that was submitted to me at that time.

Q. Tell me about the preparation of this list, how you came to prepare it or where you got this information? A. From the stock subscription book, where the subscriptions were entered as they came in.

Q. Can you tell me what that contained? A. It contained the application for stock in the order in which they came in, apparently. They were all taken in before I joined the service.

Q. Would you look at that and tell me if that is it? A. That is the book. Stock subscription book filed as EXHIBIT 18.

Q. Look at that book, Exhibit 18, and tell me if that is the book from which you made up the list? A. Yes, sir.

Q. Are these entries in that—I notice cancellations there; were those there at the time or have they been put in since? A. Some of them were in at the time.

Q. That would give you information as to the subscriber, his residence and address, number of shares. A. Yes, and the amount of the shares.

Q. This list contains that information and also contains the amount paid; what book did you go to for that? A. That was taken from an alphabetical arrangement of the subscriptions in which the payments were entered from time to time as they were made.

Q. A book of the bank? A. Yes.

Q. Where would that be? A. It was in the hands of the liquidator. Here it is, this large book.

Large stock subscription book, alphabetically arranged, filed as EXHIBIT 19.

Q. This was an alphabetical list? A. Yes.

Q. Under whose instructions did you prepare the list? A. The general manager's, Mr. Travers.

Q. However, you had access to those two books? A. Yes.

Q. Did you take the items in that list from that book? A. The most of them, yes.

Q. What items did not come from that book? A. When the notes that were referred to yesterday were discounted and the cash received from them the proceeds were spread on some of the stock subscriptions for which the notes were held.

Q. That is, when you were making up the list? A. Yes.

Q. When were the notes discounted? A. I could not say; it was before my joining the service.

Q. Before the 19th November? A. Yes, I presume so.

Q. Then were the notes in the book, Exhibit 19, the stock subscription book, showing payments? A. No, sir; not to my knowledge.

Q. Where did you get that information? A. I had a list of the notes that had been hypothecated.

Q. From whom did you get that? A. From Mr. Travers.

## SESSIONAL PAPER No. 153a

Q. How did you go about, then, making the allocation of payments with regard to those notes? A. So far as I remember, the then president of the bank and Mr. Travers and myself went over them, and they knew who the farmers were who had given the notes, and they instructed me as to how to make the entries.

Q. Did they put that on any list for you? A. No, I jotted it down as I went along how much to put on each note.

Q. They had a list of the notes, you say? A. Yes.

Q. Did you see that? A. Yes.

Q. Had that before you? A. Yes.

Q. The notes, you say the list of which you had, did they go over that? A. Yes, I think they did.

Q. Who named the figure for each one to put down? A. That is more than I can say at this time.

Q. Who was the president you alluded to? A. Dr. Beattie Nesbitt.

Q. Then Beattie Nesbitt, Travers and yourself went over the list and made up the list of payment? A. Yes, sir.

Q. You are familiar with Exhibit 16, are you not? A. Yes, sir.

Q. You are quite aware that in that there are payments credited to people as being paid which have neither paid nor given notes? A. Yes.

Q. What you have told us about going over the lists and putting down what was stated or agreed upon as to those who had given notes, of course, would not apply to the other payments that had been put down? A. No.

Q. How were those figures arrived at? A. I was instructed to place so much on those subscriptions.

Q. Did you realize what you were doing? A. I do not say that I did thoroughly at that time.

Q. I do not understand you? A. I do not think I realized it at the time; I do now, of course.

Q. Did you know what the purpose of the list was? A. Yes.

Q. And what was it you did not realize? A. I did not—Mr. Travers had said that he could pay up the stock list from monies that he had received, and he assumed all responsibility in the matter.

Q. And you had just joined the bank? A. Yes, I had just joined.

Q. One illustration will do I think just as well as a dozen; I will call Mr. W. J. Lindsay in a little while; do you remember a subscription of his? A. Yes.

Q. For a large amount? A. Yes.

Q. How much was it? A. 500 shares.

Q. There was no note in the case? A. No.

Q. How much was put down and paid by him, do you remember? A. I think about \$3,800, if I remember rightly.

Q. At all events, you put an amount opposite that for which there was no note? A. Yes.

Q. And there had been no payments? A. No.

Q. When was his subscription for that amount actually made? A. I could not say.

Q. When did you see his subscription? A. Shortly after I went; I could not say exactly what day.

Q. Did you see it in either of the books that have been put in as Exhibits?

MR. COMMISSIONER: That is not as this document shows it is, \$500 paid.

MR. HODGINS: I want to look up here and see what explanation he has.

MR. COMMISSIONER: You see his name is there, \$500? A. I think you will find that was for fifty shares, \$5,000; I think you will find the other near the end of this list. (Exhibit 17). Here it is: 500 shares; there is \$5,000 marked as being paid.

MR. HODGINS: What does that letter "W" in pencil opposite it mean? A. I could not say.

Q. Was that on it when you finished the list? A. No, sir.

Q. You put down this \$500 in the way you have mentioned? A. Yes.

Q. You said about \$3,800 was credited? A. I did not remember just exactly the amount.

Q. Looking at the list? A. I would say five thousand.

MR. COMMISSIONER: \$5,500 in the two places? A. Yes, in the two subscriptions that is on 550 shares all told.

MR. HODGINS: I have a list of those that were treated in that manner. Perhaps you can say, looking over, whether this would show you the numbers that were treated in that; I suppose you could verify that by carefully going over these books, but you may remember some of them, and if so I will put in the list and prove it later by Mr. Clarkson? A. Yes, I should say that that was a fairly correct list, so far as I can say. There are one or two names there that I do not recognize, but I am quite prepared to take Mr. Clarkson's figures because we have gone—

Q. Because you have gone over them with him? A. I know he has gone into it very closely.

MR. COMMISSIONER: Do not let us trouble with that.

MR. HODGINS: May I put in a copy of this list, subject to Mr. Clarkson's evidence.

MR. COMMISSIONER: You had better wait for Mr. Clarkson's evidence.

MR. HODGINS: Well, the total of those amounts to seventy-five thousand nine hundred and ninety-five dollars? A. Yes.

Q. That would be about correct? A. I think so.

Q. Taking the larger ones, who was T. Cox, did you know him at all? A. He was a farmer out in Halton County; we had a note for the full amount of that.

Q. W. B. Nesbitt, would be Dr. Beattie Nesbitt? A. Yes.

Q. G. Denoon was one of the directors, was he not; became a director afterwards? A. No, sir; he was a Halton County farmer; he was one of Mr. Laidlaw's clients in the action, if I remember rightly.

Q. That was the way in which the list was completed? A. Yes, sir.

Q. Can you say at all just about when you completed it in that way? A. It was completed in time for the organization meeting on the 26th of November.

Q. You joined the bank on the 19th, and the organization meeting was on the 26th, and it was prepared between those two dates? A. Yes, sir.

Q. Who knew, outside yourself and Mr. Travers and Dr. Beattie Nesbitt, the way in which that list was being prepared in that way? A. I do not know of anybody except the bank's solicitor, Mr. Hunter; I think he was there at different times while it was done.

Q. Am I right in saying that the list consists, as far as the payments are concerned, of three classes: one correctly taken from the bank books where payments were made? A. Yes, sir.

Q. Second, where there were notes made, certain amounts credited to these shareholders who had given notes, who had not paid money? A. Yes.

Q. And, thirdly, this seventy-five thousand dollars-odd spread over those who had not paid anything? A. That seventy-five thousand dollars included a very large number of those that we had actually notes for.

Q. How many, outside of that \$75,000, would have credits here for notes—

MR. COMMISSIONER: Included in it? A. Included in the \$75,000 are those who had given notes in full or in part.

MR. HODGINS: All those who had given notes included? A. Not all, but all that were considered good; there were some notes that were not used at all and they were collected after the bank's organization.

## SESSIONAL PAPER No. 153a

Q. Taking this list, does that \$75,000 include all those payments that were incorrect, either because no payments had been made or because they had given notes instead of paying? A. Yes.

Q. Then outside of the \$75,000, was the list correct? A. Yes.

Q. Quite correct? A. I think so.

Q. We will have to verify that; I just want to get your view of it; I must say I understood it differently? A. Of course, some of the money that was borrowed to pay up the capital was spread on stock upon which no payments had been made.

Q. There was \$100,000 borrowed, you know? A. Yes.

Q. And this only accounts for \$75,000? A. Yes.

Q. What about the other \$25,000? A. I do not know; I could not say anything about that.

Q. Was this list certified to by you? A. No, sir.

Q. Who did you give it to? To Mr. Travers.

Q. You were responsible for the figures in it and the additions, I suppose?

A. Yes.

Q. And it corresponds with the list put in to the Government? A. So far as I know.

Q. That, you knew, was the purpose of getting it up? A. Yes.

Q. You did not go to Ottawa? A. No, sir.

Q. Who did? A. Mr. Travers, so far as I know, and I do not know positively whether Mr. Hunter went with him or not.

Q. Do you know when they went down? A. I think Mr. Travers went down on the night of the organization meeting, on the 26th or 27th November; I could not say positively as to the date; I think they went down immediately after the organization meeting.

Q. The organization meeting was on the 26th; the declaration is sworn in Toronto on the 27th, so that they were evidently here on the 27th; probably they went down on the night of the 27th, shortly after the meeting? A. Yes.

Q. Did you have anything to do with the declaration which was put in? A. No, sir.

Q. Did you ever see it? A. No, sir.

Q. Who drew it? A. I could not say.

Q. It was not drawn in the bank there? A. Not to my knowledge.

Q. Do you know what instructions were given about it and who got them? A. No, sir.

Q. At all events, you were not asked to take any part in it? A. No, sir.

Q. Had you any interview with Mr. Hunter, as solicitor for the bank, in connection with the drawing of the application? A. No.

Q. Am I right in assuming that you made any objection? A. I questioned the matter once and was told that it was perfectly justifiable to turn the notes into cash and apply them on the stock.

Q. Who did you make the objection to? A. To Mr. Travers.

Q. And was it he who told you that? A. Both he and Mr. Hunter, I think, said that if they got the cash for the notes they could apply them on the stock.

Q. I would like to know about that; you have been examined several times already, and you probably know what you have stated; what was your objection and who satisfied it, if it was satisfied? A. It was between Mr. Hunter and Mr. Travers, they satisfied me. I made inquiries outside as to the feasibility of taking notes for stock and discounting and applying them on the stock and found that it had been done in previous cases.

Q. You did not say that on your previous examinations? A. No, the questions were not put to me in such a way as to draw it out.



Q. Inside the bank was Travers the only one who satisfied your objection?  
A. No, I think Mr. Hunter assisted in satisfying me.

Q. Was he called in because of your objection? A. Not that I would sweeto.

Q. How did it come up before him? A. That is more than I can say.

Q. At all events you said before in the examination in the Watson case that you were present when this list was got up and did the clerical work, and that "Dr. Beattie Nesbitt part of the time and our solicitor upon whose advice we were advised".

Q. "Mr. Hunter? A. Yes, he advised us Mr. Travers had the right or the privilege to pay up any subscriptions he wished". Was that advice before the list was completed in the way you speak of? A. Yes.

Q. When did you see Mr. Hunter again after he went away as we understand to Ottawa? A. I do not remember the exact date; it would be the date of the letter I wrote to Mr. Travers, and that was the 29th November or the 30th November, while Mr. Travers was in Ottawa.

Q. The letter is dated the 29th November? A. Yes.

Q. And it says Mr. Hunter had arrived or called this morning? A. Called this morning.

Q. What was the purpose of his calling so far as he expressed himself? A. He wanted to look over the applications for stock as he said the Finance Minister might call for them and he would like to look at them to see that they were all in order.

Q. What was it that you showed him, the original subscriptions? A. Yes, the original subscriptions we had them all on the file alphabetically arranged.

Q. Those subscriptions did not accord, did they, in terms with the promissory notes that were given; was not the stock subscription and agreement to pay in all cases \$5 a share and \$15 per share upon allotment and eight equal monthly payments? A. Yes, sir.

Q. And did the notes differ from that? A. They did in this fact that they were for the full amount of the subscription. However, if I remember rightly they were taken along before I joined the service, some of them were for a year.

MR. COMMISSIONER: That does not accord with this form in this stock subscription book. Here it is \$10 on signing and \$20 on allotment, and seven payments of \$10.

MR. HODGINS: They appear to have used different ones in 1905 from what they did in 1906? A. Yes, that was before Mr. Travers took hold of it; the previous organizers had their own forms.

Q. At all events I want to know whether you can say whether the notes correspond with the forms in use either in the early or in the later stages which I understand were drawn for a payment down and specified monthly payments? A. They certainly were not in accordance with the terms of the application.

Q. Then when Mr. Hunter inspected these applications he saw only the applications, did not he? A. That is all I know of.

Q. Had he knowledge, do you know, or did you discuss the question of the notes being given with Mr. Hunter in the preparation of the list? A. I did not discuss the matter with him in the way of discussion. I knew he knew the notes existed.

Q. Did he know they were discounted? A. I think so.

Q. They had been discounted at that time? A. I think so, they were discounted prior to my joining, if I am rightly informed.

Q. He expressed himself apparently as you stated in your letter? A. Yes.

Q. After going over those subscriptions perhaps you can remember what he said? A. No, I cannot remember what he said, but that he was satisfied they were in first class order, if they were required.

## SESSIONAL PAPER No. 153a

Q. And then he suggest to you the sending down of the cheques we spoke of yesterday? A. He told me Mr. Travers asked him to tell me to send down some blank cheques out of the cheque book.

Q. That is what you did? A. Yes.

Q. Did he mention how many cheques? A. Three, if I remember rightly.

Q. Is this right, just referring to the interview with Mr. Hunter: "I showed him the file of the subscriptions arranged alphabetically and he looked over that and said they were all in order, they could be checked over with the list that was sent down of the subscriptions". Of course that has nothing to do with the payments? A. No."

Q. The file you speak of is not the book we put in, but the actual subscriptions? A. Yes.

Q. There are some, probably a dozen or more subscriptions, which are dated on the 22nd October, which I would like to know about, do you remember the subscriptions I refer to? A. I know there are some there, I could not say when they were taken or when they were dated except one for myself for one share that I know was dated back; I could not say as to the others.

Q. Did you take that in any formal way, or did you just put it down in the stock subscriptions? A. No, I made out an application the same as the others.

Q. And when was it you made out the application? A. A day or two after I went into the service.

Q. That would be when? A. The 21st of November.

Q. That was for one share? A. Yes.

Q. Did you enter that in the book? A. I did not enter it myself, it was entered by the stock clerk.

Q. In which of these books would it be? A. It would be entered in that little black book and then transcribed into this afterwards.

Q. What is the little black book? A. The stock subscription book there. (EXHIBIT 18).

Q. Then transferred to the other one? A. Yes.

Q. How many subscriptions were made at the same time, what was the purpose of your subscribing at that date? A. Mr. Travers said he wanted to justify me coming into the bank. He said he had lots of applications and he said every officer of the bank should be a shareholder, and I took one share.

Q. Why was it dated back? A. At his request.

Q. What was his explanation on that? A. He said they required to be taken 30 days prior to the asking for the certificate.

Q. Prior to the asking for the certificate or prior to the meeting? A. Prior to going down for the certificate.

Q. What date was put on it then? A. If I remember rightly, it was the 22nd October or the 25th October.

Q. Who had charge of the entries in those two books? A. Mr. Shaver.

Q. Had you at all? A. No.

Q. In going over that list with Mr. Travers and Dr. Beattie Nesbitt, was it after you had subscribed for this one share or before? A. Afterwards.

Q. Did you see the books at that time containing the subscriptions and did you notice whether yours was in there or not? A. Yes.

Q. Yours was in? A. Yes.

Q. Under date October 22nd? A. Yes.

Q. Can you tell me about the other subscriptions which all appear to have been taken under that date; there is the one we have spoken of Lindsay's; do you know the date at which that was actually subscribed?

Q. There are three people named McCorquodale? A. Yes.

Q. Do you know the date of their subscriptions? A. I could not swear positively.

Q. Could you tell by looking at the book at all in the order in which they come as to whether they were similarly ante-dated? A. I could not tell by the book. Those last on the list were all ante-dated, but when they were actually taken I could not say.

Q. The meeting was on the 26th November? A. Yes.

Q. You took yours on the 21st November and it was dated back to the 22nd October? A. Yes.

Q. The other names are Mr. Gallagher, Mr. Luxton, Mr. Bradley, Dr. Beattie Nesbitt, A. W. Thomas, A. S. Lown, and J. Gilchrist.

MR. COMMISSIONER: Gallagher is not here on the 22nd October; it is the 22nd November (in large stock subscription book, exhibit 19). Here are these you speak of Lindsay; there is one the 15th November. There is Mr. Lown October 20th, and then the three McCorquodales are over here, only one share apiece.

MR. HODGINS: October 22nd.

Q. Were you present at the Board meeting when those were allotted? A. No, sir, I never attended a Board meeting the whole time I was in the bank.

Q. I think Dr. Beattie Nesbitt is one of those.

MR. COMMISSIONER: Yes, October 22nd.

MR. HODGINS: Would this smaller book, Exhibit 18, be the book of original entry with regard to those? A. Yes.

Q. And carried from the subscriptions? A. Yes.

MR. COMMISSIONER: There is McCorquodale, and there is Gilchrist, October 22nd. (In Exhibit 18). W. J. Lindsay 500 shares, the 22nd October.

MR. HODGINS: (To Mr. F. A. Clarkson). That is one of those subscriptions that would be on the referee's file, would it?

MR. F. A. CLARKSON: We never found the Lindsay subscription.

MR. COMMISSIONER: That means application.

MR. F. A. CLARKSON: Yes. There never was any subscription for Beattie Nesbitt.

MR. FITZGIBBON: There was one for 100 shares.

MR. COMMISSIONER: This (Exhibit 18) shows the allotments were made on the 24th November? A. Yes.

MR. HODGINS: Were what you call the spread payments, which is a very euphemistic way of putting it, were they applied to those we have just gone over, those subscriptions of the 22nd October? A. On two or three of them.

Q. What about yours? A. There was nothing spread on mine.

Q. There were a number of shareholders amounting to twenty one thousand odd dollars that had begun a suit against the bank through Mr. Laidlaw, you know the ones I mean? A. Yes.

Q. And are their names on that list we have put in sent to Ottawa? A. Yes.

Q. The names I have gone over on the 22nd October, are on that? A. Yes.

Q. Did you know that those parties had been settled with and the notes had been returned to them and their subscription practically cancelled? A. The list was made out prior to the settlement with them so far as I remember.

Q. I do not think that is the case; have you any independent recollection of it? A. No.

Q. Look at those two cheques, they contain a date that is important and that may tell you something about it? A. No, sir.

Q. That is prior to your time? A. Yes.

Q. Did you know when you came into the bank that they had been settled with and litigation had been done away with? A. I understood it had.

Q. Did you have a list of the names? A. Yes.

Q. Why were they put down upon the list then that went to Ottawa? A. Mr. Travers instructed me to leave them there in the meantime and we would strike them off after the bank was organized.

## SESSIONAL PAPER No. 153a

Q. Was that done? A. Yes, they were eliminated from the list that went to the Government on the 31st December, the regular annual list.

Q. At the end of the year? A. Yes.

Q. They were on the list sent down to Ottawa? A. Yes.

Q. Whom did you discuss that with other than Travers? A. No one that I can recall.

Q. Had you any talk with Mr. Lindsay about it? A. Not that I remember.

Q. I suppose you are quite aware that if those had been cancelled and done away with they should not appear upon the list? A. Yes.

Q. But Mr. Travers was the one who took the responsibility? A. Yes.

Q. Who dictated the letters in connection with the stock, was it Mr. Travers or yourself? A. Which letters?

Q. The letters to those shareholders we have just been speaking of? A. Certainly not myself.

MR. COMMISSIONER: I see a subscription for 4,492 shares by the Continental Securities Company.

MR. HODGINS: That will have to be gone into later. These subscriptions we have been going into were cancelled afterwards and some of the stock sold to the Continental Securities Company.

MR. COMMISSIONER: This is nearly half a million they subscribed for.

MR. HODGINS: Yes, that, the Lindsay subscription and some others will have to be taken up.

MR. COMMISSIONER: I see on the 18th March 440 of Lindsay's shares were cancelled and the Luxton shares also; what is that item (referring to Exhibit 18)?

MR. HODGINS: "J. G. Fitzgibbon in trust twenty-five shares". It appears to have been cancelled in 1909; what about those twenty-five shares? A. A man named Sunstrom in Ottawa subscribed for 25 shares and withdrew his application after allotment, and he was subsequently sued I believe, for payment, and the bank was beaten, and he gave a transfer of the stock, and it was put in to my name in trust. There were no payments made on it at all, it was put in my name in trust until the Board cancelled it.

MR. COMMISSIONER: Was that after the organization of the bank? A. Yes.

MR. HODGINS: You say that in the statement to the Government on the 31st December what we may call as the Laidlaw clients subscriptions were omitted? A. Yes.

Q. Had any change taken place, anything occurred in the interim about them? A. No.

MR. COMMISSIONER: How many shares?

MR. HODGINS: 219 shares. A. I don't remember the exact amount but I thought it was more than that.

Q. That is the amount we have been instructed was the actual amount; we will have them checked up? A. I think I am including in my memory one or two conditional subscriptions that were struck off. The one of Lieutenant-Governor Forget, Regina, who subscribed conditionally upon being a director of the Bank, and afterwards withdrew the subscription.

MR. COMMISSIONER: Give me one of the names of the 219 shares? A. Gastle.

MR. COMMISSIONER: He apparently paid \$100 on ten shares? A. Yes.

MR. HODGINS: Speaking of the Lieutenant-Governor Forget's subscription you speak of that as conditional? A. Yes.

Q. Was that known and spoken of at the time you were preparing the list? A. Yes, it was endorsed on the back of the application.

Q. It was? A. Yes.

Q. Conditional on what? A. On his being appointed a director of the bank.

Q. And that notwithstanding that went in as a regular subscription? A. Yes, there were no payments shown, it was simply a subscription.

Q. Did R. R. McLennan of Cornwall go in? A. Yes.

Q. \$5,000; \$3,000 paid; had he in fact paid anything? A. I think so.

Q. Had he paid anything more than \$500 at that time? A. I could not swear positively.

Q. Did you look at that time or could you tell from looking at the books what was the correct amount?

MR. COMMISSIONER: This book shows he paid \$500 of subscription March 19th, \$1,000 on allotment, April 30th, \$500 on the 1st September, and it looks as if he had paid in full ultimately (referring to stock subscription book 19)? A. I am quite satisfied that Colonel McLennan had paid his full stock not before the organization but afterwards; it was all paid in cash and there was no note for it.

MR. HODGINS: But at the date of this list had he paid \$3,000? A. Yes, sir.

Q. You think he had? A. I am almost sure of it.

MR. COMMISSIONER: What is the date of the list? A. 26th November.

Q. According to this book, he had (Exhibit 19).

MR. HODGINS: Were there any other conditional subscriptions included in that? A. Not that I can recall.

Q. Were there any other subscriptions which had been repudiated previous to that time included in the list? A. Not that I know of.

Q. The reason I asked you about Colonel McLennan is that long before the list he had raised the question as to misrepresentation and had determined to fight according to the correspondence; but I think as a matter of fact he died and his executors paid it. A. No, the stock was all paid before he died, and the executors sold it.

Q. Were there any others in the condition of not being willing to take their stock at the time, and you having knowledge of that fact? A. No.

Q. Those notes, there was some question as to their form, and you gave some evidence as to their being—you were asked before the referee, "Did you see any of the notes?" and you said you did, after they came back from the Trusts & Guarantee Company? A. Yes.

Q. You were asked how they were payable, how was that? A. As far as I remember, they were payable to the Farmers Bank of Canada or the provisional directors of the Farmers Bank, I could not say positively.

Q. Your answer was, "Payable to the Farmers Bank of Canada," and then the referee asked you again, "Did you see the notes?" A. After they came back from the Trusts & Guarantee Company.

Q. They were payable to the Farmers Bank of Canada? A. Yes.

Q. How were they endorsed? A. They were endorsed individually by all the provisional directors?"

A. Yes, that is my memory of it.

Q. They were payable to the Farmers Bank?

MR. COMMISSIONER: We had better have the notes themselves.

MR. HODGINS: There was one note put in; I think Mr. Clarkson has the balance, has he not?

MR. F. A. CLARKSON: There are only two notes we have; there may have been renewals.

MR. HODGINS: What became of those notes after they came back from the Trusts & Guarantee Company? A. They were sent out to the branches; most of them collected. They were renewed from time to time, the makers of the notes paying interest on the renewals; at each renewal paying something.

Q. Were they all in the same form, according to your recollection? A. Nearly all; I do not think there was any difference in them.

MR. HODGINS: Perhaps you will remember when in Ottawa Mr. Boville produced as part of the file one of those notes, and we were to have a copy of that. The copy is not here. A. I will put that in later on.

## SESSIONAL PAPER No. 153a

MR. COMMISSIONER: What form did this settlement with Mr. Laidlaw's clients take, the stock had been allotted to them, how was the stock dealt with? A. It was subsequently cancelled.

Q. What was done at the time, did they execute any transfer or power of attorney or anything?

MR. HODGINS: I have those papers; I was going to prove them by another witness.

MR. COMMISSIONER: Because I see shares were transferred to somebody else, according to this book.

MR. HODGINS: These papers I propose to prove. Probably Mr. Fitzgibbon can say as to what was done in the books? A. There were formal transfers entered on the books, but they were never posted from the transfers, if my memory serves me right.

Q. Never accepted by anybody?

MR. COMMISSIONER: They were transferred, according to these documents, to Lindsay? A. Yes.

MR. HODGINS: And whatever was put in the books was never accepted? A. No.

Q. And were never posted? A. Not if my memory serves me.

Q. And that was done? A. After the organization meeting.

Q. After what organization meeting? A. After the organization meeting of the bank on the 26th November; I think that was the date.

Q. Was it shortly after that; was it before the certificate was issued or afterwards? A. I could not say as to that.

Q. Would the books show it? A. The books should show the date.

Q. What book would that be in? A. The transfer book.

MR. COMMISSIONER: I had not looked at this, Exhibit 17, before. I see in a number of cases in this return of shareholders it appeared that nothing had been paid up on the shares? A. Yes.

Q. And you mentioned with regard to Mr. Forget, his subscription appeared no payment? A. That would be one of the early ones.

Q. The amount of the stock subscribed, according to this return, exceeded by \$79,200 the amount requisite? A. Yes.

Q. And the payments showed \$291,310 on the shares? A. Yes.

Q. That was \$41,310 in excess of the required amount? A. Yes.

Q. I would like you to make a little clearer what you did with regard to making up the payments that were entered in that list; as I understand you, all the notes that had been taken, with the exception of some that were thought not good enough, were discounted somewhere? A. Yes.

Q. What was done with the proceeds; supposing Mr. Jones's note for \$500 had been discounted, what was done with the proceeds of that note? A. Some of it would probably be spread on his own note, if not all of it, and some would be spread on somebody else's payments.

Q. What justification was there for taking Mr. Jones's money and applying it to the credit of Mr. Smith? A. None whatever that I can see now.

Q. That was done? A. Yes, sir.

Q. You said in some cases where nothing at all had been paid, money was applied? A. Yes.

Q. Where was that money gotten from? A. Part of the proceeds of the discount of notes.

Q. According to the figures Mr. Hodgins stated to you, the amount that was so applied was considerably in excess of the amount raised by the discounts; where did the difference come from? A. I do not catch that.

Q. What was the amount that was raised by discounts of the notes? A. All told, I believe \$100,000; I could not be positive.

Q. Then I misunderstood you; it was the proceeds of the discounted note that was either applied to the credit of the people whose notes had been discounted or partly to their credit and partly to the credit of persons who had paid nothing

A. Yes.

Q. Or who had not paid that money? A. Yes.

Q. They had nothing to do with the note? A. No.

MR. HODGINS: Will you just say whether these are the transfers, these first twelve in the book which you have put in? A. Yes, those are the ones, and they are marked on the 22nd December. I knew it was long after the settlement.

Q. The 22nd December, 1906, is the correct date? A. Yes, I should say so

Q. And they are signed by W. J. Lindsay as attorney? A. Yes.

Q. And witnessed by you? A. Yes.

Q. You had written in an acceptance? A. Yes.

Q. There is no acceptance in any of those cases? A. No.

Q. And you say they were cancelled afterwards? A. Yes.

Q. They were never posted to begin with, into the book? A. Not as being transfers; they were marked off in the book as being done away with, got out of the way anyway.

Q. They stood, as I understand, just where they did in the books? A. On the 26th November, yes.

Q. Never were covered up as being transferred to anybody else? A. No.

Q. Were they cancelled? A. Yes, and ruled out of this book altogether.

Transfer book filed as EXHIBIT 20.

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DR. JOHN FERGUSON, recalled.

MR. COMMISSIONER: Is there anything in the books of the bank to show how the \$11,000 was made up?

MR. HODGINS: Yes.

MR. COMMISSIONER: What is the use of asking Dr. Ferguson's memory of it?

MR. HODGINS: I want to ask him whether he can tell me, from looking at this, whether his answer was correct.

Q. You said yesterday that in that eleven thousand-odd dollars of directors' fees that that \$10,000 which was paid on July 4th was included in it? A. Well, I understood so, yes.

Q. You know what I am asking? A. Yes.

Q. Now, I find in the provisional directors ledger that the \$10,000 included is credited on November 17th, and that that corresponds with a cheque for \$10,000 paid to Lindsay and I wanted to ask you, had you ever seen this book or this entry when you made your answer, and did you know anything about it, because if not, I will have to go somewhere else? A. That would have no application to us; any entry made then was after this event and the payment of this sum would be wholly of a different nature and for some other purpose.

Q. I find there that the \$11,760 which was the amount that I was questioning you about, and which you said included the \$10,000 of July 4th, is made up of a ten thousand dollars not credited till November 17th? A. That was a reverse entry, I think you will find, charging it back to another account.

Q. I do not think so? A. After our time it was reversed.

MR. COMMISSIONER: That is not the original entry, is it?

MR. HODGINS: This is the original book.

MR. COMMISSIONER: It is a loose leaf system?

MR. HODGINS: Yes? A. I could have no knowledge or control how it could be entered at that late date.

## SESSIONAL PAPER No. 153a

Q. You do not know? A. I understood that came out at some one or other of these investigations, and that that is the reversal of another entry, charging it back to another account altogether.

Q. If you know that I am quite satisfied with your answer? A. That is my impression.

Q. If you do not know it I think I am not far out in saying you are mistaken; however I got what I wanted. Seeing this entry does not change your idea that the \$10,000 you got was included in directors fees? A. I wish to make this perfectly clear, all we got altogether, divided amongst the six of us, was the ten thousand dollars in addition to the small amount paid when we occasionally attended meetings or that was paid for as meetings. The total of that would be somewhere about \$11,000.

Q. I do not wish to go into that? A. I do not wish to go one word further than to say that this entry in November is a reversal of the July entry charging it back from the commission account to another account.

Q. Somebody has told you that? A. That came out in evidence, and was stated.

Q. Whose evidence? A. I do not remember now; it came out in the investigation at the Police Court.

Q. Did you verify that to see it was true? A. I had no chance to verify it.

Q. I am calling your attention to it? A. And I still state that the position I took yesterday is the correct one, and that is the reversal of the same sum to another account.

Q. That is you have heard? A. No, my own knowledge of the fact that we did not get another sum of money.

Q. I see the sum I mentioned included apparently another ten thousand dollars from the one you speak of—

MR. COMMISSIONER: Is not Dr Ferguson right? Here is \$10,000 on the fourth of July?

MR. HODGINS: Yes.

MR. COMMISSIONER: This \$10,000 is charged up as commission to Travers and Travers paid \$10,000 out of his commission.

MR. HODGINS: There is no dispute as to that, but if you look at the commissions account, the amount I spoke to him about, \$11,760 includes a different ten thousand dollars, that is all? A. It cannot, because we did not get it.

Q. There are lots of things in this book that you think cannot be, but we know they are.

MR. COMMISSIONER: Here is the cross entry on the 17th November; there was credited to the stock commissions the \$10,000 and debited to directors fees, that is what Dr. Ferguson is trying to explain.

MR. HODGINS: Yes, no doubt, but there was a difference of several months? A. That refers back to the July sum.

Q. I understand that it is quite possible that that is so, but I do not want you to come here and say so if you do not know. I point out that there is that difference, if you can throw any light on it yourself, I have asked you to come here and do it? A. The light I can throw on it is that we had no transactions whatever in November, that no sums of money were then paid, that that is the same sum as the other, and was stated somewhere in the investigation that it was but re-entering a cross entry or a correcting entry of the original sum of \$10,000.

Q. I understand your position quite, and I am not saying it is wrong, that there is only the one ten thousand dollars when it got into the account, but it is my duty to find out why the ten thousand dollars you speak of was not entered in the directors fees at the time. A. Because it was properly charged in the commission account in the first instance, and this was charged back to directors fees without our knowledge.



THOMAS URQUHART, Sworn, Examined by—

MR. HODGINS: You are a practising barrister in Toronto? A. Yes.

Q. And you have had some little to do with the early stages of the Farmers Bank? A. Yes.

Q. Fortunately got out of it before its later stages? A. Yes.

Q. You gave an opinion which was referred to yesterday; have you got a copy of that? A. Yes. (Produces copy of opinion dated June 26th, 1906, which was filed as EXHIBIT 21).

MR. COMMISSIONER: Was that you or your firm? A. It was given by my firm, it was signed by myself with the firm's name and my own name.

MR. HODGINS: In the bill of costs on the same day the charge is fee for special opinion in connection with this matter, and also on question of grant to provisional directors? A. That grant to provisional directors was a personal opinion I gave to them, to Mr. Travers, Mr. Lown and Mr. Smith, that I expressed to them personally.

Q. It did not form part of the written opinion? A. Not in the writing.

Q. It is not in the written opinion? A. No.

Q. Was there any written advice given? A. Not with that; I had better make an explanation. On the evening of the 23rd June, I think that was a Saturday evening, if the date is correct here, Mr. Travers had called me up in the afternoon at my house, and I was not at home, and when I got home there was a message there for me asking me to call him up on the telephone at the Queen's Hotel, I think it was, and he advised me over the phone that the provisional directors proposed to grant money to themselves to cover their expenses, and I advised him over the phone, that I thought that that would be a breach of trust, and on the following Monday morning I had an interview with Mr. Travers, Mr. Lown and Mr. Smith and I then advised them, not in writing, that they could not grant money to themselves, and then they asked for this special opinion in regard to the allotting of stock for which they had taken notes.

MR. COMMISSIONER: Who were the three, Travers, Lown and Smith? A. Yes, I did not advise any of the other parties, but just those three.

MR. HODGINS: What was Mr. Travers explanation which is down here as "Advising him the provisional directors discussed making cheque to themselves out of the money subscribed to cover their expenses in connection with organization of the bank"? A. I could not remember his explanation.

Q. The directors had been paying right along the expenses of advertising and various other things which ultimately amounted to some \$44,000 shortly after this? A. My recollection is now he told me they were going to make a special cheque to themselves for expenses.

Q. Expenses in what sense, their own time and trouble? A. I think there was some, I cannot say what really the expenses were.

Q. At all events you certainly would not have advised that the provisional directors could not pay ordinary expenses? A. No, they could pay the ordinary expenses; this was something to cover their own personal expense.

Q. And you advised Travers, and then these three, on the following Monday, that that could not be done? A. That could not be done.

Q. That was on the 23rd June, 1906? A. Yes.

Q. Then on the 28th you have an entry, "Having been advised by Travers that he had made special agreement with provisional directors, two interviews with him regarding same and advising him as to legal effects"? A. He brought a form of agreement in to me to settle, which I went over with him; I remember that quite clearly. I told him it was a very onerous agreement that he was making with the bank and I advised him as to the effect of it; I do not know whether I made any changes in it.

## SESSIONAL PAPER No. 153a

MR. COMMISSIONER: Had not you better identify that agreement? A. I do not think that agreement that I saw on the 28th June went through.

MR. HODGINS: "Making alterations and settling agreement and advising as to legal effect of it". Perhaps you can tell whether this exhibit 12 (The first agreement of July 4th) was the one? A. I do not believe that is exactly identical with the agreement that I saw; it is partly the same.

Q. What was the onerous part of it that struck you? A. My recollection is that the agreement that I saw was more onerous than this one.

Q. Against whom? A. The final cost of organization would be greater than this.

Q. Does that state any final cost? A. No, but you could make up pretty nearly what it may be. There is \$500,000 and there was a commission on that, and this provides for \$20,000 in addition to the commission; that would be \$70,000 at least I suppose; and my recollection is it was more than that, because I remember a statement that Mr. Travers made in reply to me, he said "We will cover all those organization expenses by a sale of the unissued stock at a premium of 25 through the agencies of the bank". I could not identify that as the agreement I saw, but it may be.

Q. They were advised by you at all events, Travers, Lown and Smith, that the provisional directors could not grant money to themselves? A. Yes, that is for their own services at that time.

Q. Did you tell them the shareholders would have to ratify that? A. I told them the permanent directors would have to ratify that.

Q. Did you tell them the shareholders would have to? A. I do not recollect that point, but I know I always had advised that the permanent directors would have to ratify all their agreements that had been made.

Q. Then there is a certain agreement there on the same day under which if I recollect right Travers himself assumes the risk of the rejection by the permanent directors and practically guarantees that this \$20,000 would be paid; it is dated on the same day? A. I never saw that.

Q. That is evidently something subsequent to your advice to them? A. It must have been.

Some reason must have been interposed; however, your advice to them was purely verbal on the point? A. As to payment of directors.

Q. And he seemed to accept it and be satisfied with it? A. Yes.

Q. This opinion have you read it? A. Just recently.

Q. It does not seem to me to be what I understood it was from the witnesses, namely a question of whether they could or could not take notes in payment of stock subscriptions? A. I had not been asked that question; they had already taken notes and they came and asked me if the provisional directors should or could allot the stock subscriptions for which notes had been taken.

Q. Let me read you what seems to me to be the point that was in your mind: "We have considered the questions submitted by you to us regarding the power of the provisional directors of the Farmers Bank of Canada to accept stock subscriptions where the parties have given notes in payment of the stock in place of, or in addition to giving their subscriptions in the usual manner, the notes maturing at a time different from the payments in the subscriptions"? A. There is the letter under which I was asked—

Q. I just wish you would direct your mind for a moment to that? A. Very well.

Q. Was the question that the notes matured at a different date from the instalment plan provided for in the subscriptions themselves? A. That was one of the points.

Q. You say you considered that question; how do you deal with it there in that letter; what is your answer to it? A. That they could allot the stock to the subscribers, it being a matter which would come within the reasonable discretion

of the directors, and I went on to tell them that they were simply trustees of this money and of the promissory notes.

Q. Did you deal with the question of the variance of the note with the terms of the stock subscription? A. I did not deal specially with that at all, but I advised them that they could allot the stock.

Q. On the terms of the subscriptions, did you say, or on the terms of the note? A. I cannot say now at this date; the opinion will have to speak for itself as to that. We gave the opinion that they had the power to accept those subscriptions and I think so still, they have the power to accept subscriptions but they cannot use the notes.

Q. However, they had clearly in mind from your letter and you had clearly in mind, that they matured at different dates? A. That was one of the points.

Q. Did you subsequently advise them again at any time upon that point? A. Mr. Travers came to me and asked me once, some considerable time later than that, as to whether those notes could be discounted, and I advised them they could not be discounted.

Q. How long after was that? A. I think it was in September, but I am not sure as to that, but he was talking of the deposit at that time.

Q. "Re deposit, interview with Mr. Travers and advising him in connection therewith"? A. I advised him at one time whether that was the time or not; that was a personal opinion.

Q. That must have given him such a shock that I see you only acted for him for a couple of days after that and the bill terminated? A. My work practically terminated when the charter was granted.

Q. We heard you had given Travers a letter to Mr. Calvert in Ottawa when he went down about getting the certificate? A. I cannot remember whether I did or not; if he had asked me for one I would have given it to him.

Q. I see according to this bill you had written to Mr. Calvert, when the extension Bill was up? A. He introduced the Bill for us. I wrote him asking him to do so and he wrote me saying there was some opposition to the Bill and I replied to that letter and told him I would go down before the committee, and I appeared before the committee personally.

Q. There was no later advice given by you on the question of the certificate? A. September 25th was the letter advising. There was one little matter about some one who had a claim against them that I wrote a letter or two afterwards but there was no advising. Some Montreal man had a claim against the bank.

MR. COMMISSIONER: You say you advised these three gentlemen it would be a breach of trust? A. I advised Mr. Travers it would be a breach of trust; I don't think I used those words when I was speaking to Mr. Lown.

Q. I gathered from what you afterwards said unless the shareholders sanctioned the payment—? A. I told them all along all their acts would have to be sanctioned by the permanent board.

Q. Did you advise them that they could be paid by the shareholders? A. If the permanent directors were willing, that was my understanding, if the permanent directors were willing they should be paid this money, but I do not know that the permanent directors came up just at the time, but I advised them at other times.

Q. Your advice was not that the bank when organized could not recognize and pay these claims? A. Oh, no.

Q. Your advice was contained in that letter but Mr. Hodgins seems to draw some distinctions as to different points in it; was not your opinion to them intended to convey to them the idea that having taken the notes from the shareholders they were justified in allotting the stock, accepting that as payment? A. They were justified in allotting the stock; I do not think the question of accepting it as payment came into question.

## SESSIONAL PAPER No. 153a

Q. How could they allot the stock? A. As I understand the Banking Act you have to give notice of an allotment before you can collect the installments and then go on and collect.

Q. Did not your opinion involve the proposition that the provisional directors might take notes for the stock? A. My opinion involved this, that notes having been given as well as subscriptions for stock they could go on and allot the stock and then proceed to collect the notes.

Q. Did not that involve the proposition that it was lawful to take notes? A. Perhaps it did, yes; I see no objection to it still.

Q. The other point you thought they had no right to discount notes? A. No, because I did not think there was anybody could endorse them as I understand they were payable to the Farmers Bank of Canada, and the Farmers Bank of Canada was not organized.

Q. Was that the only difficulty in the way of their discounting them? A. There might have been another difficulty; I think that was the difficulty in my mind that the provisional directors could not discount them.

Mr. HODGINS: Upon what terms did you come to the conclusion that they could allot, on the terms of the subscriptions or the terms of the promissory notes? A. I should think the promissory note would have to govern, but I say in my opinion I did not consider that question very much.

Q. I think you do not just deal with it? A. Perhaps not. I say "If these subscriptions are not paid, the allotment could and no doubt under the by-laws would be cancelled by the directors, to be elected, and the stock could then be resold."

Q. If what was not paid? A. If the subscriptions were not paid. Of course it is six years, and it is hard to remember everything that was before a man's mind.

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WILLIAM H. HUNTER, Sworn, Examined by—

Mr. HODGINS: You are a practising barrister in Toronto? A. Yes, sir.

Q. And have been for some years? A. Yes?

Q. You went out with W. J. Lindsay to settle some actions against the Farmers Bank? A. I did not.

Q. That is incorrect? A. That is quite incorrect.

Q. Mr. Lindsay made the trip himself, did he? A. I do not know as to that.

Q. So far as you are concerned you did not go? A. I did not accompany him.

Q. Did you know he went? A. I knew he was intending to go.

Q. Did you advise him as to what he would have to do? A. I think the advice was given by another firm of solicitors. At that time I wished to remain free to act for the lender, who had introduced me to the question.

Q. I do not understand your answer; I did not ask about a lender? A. But I am saying when the question came up as to the litigation with Mr. Laidlaw's clients, that when I was asked to act by the directors or by Mr. Travers I said that I had been introduced to this matter as acting for the lenders; there might be a conflict of interest and I advised them to get another solicitor.

Q. To be a little more definite who was the lender you are referring to? A. I refer to Mr. Warren's company, the Trusts and Guarantee Company.

Q. Introduced to what matter? A. To the whole matter of the Farmers Bank.

Q. When were you retained by the Trusts and Guarantee Company? A. The first I had to do with the matter would be about the middle of October of that year.

Q. Was that in connection with the loan of \$80,000 and \$20,000? A. The only loan I knew of was the \$80,000 loan.

Q. It was in connection with that? A. Yes.

Q. You were asked to act for the directors of the Farmers Bank were you? A. I was asked to take charge of that litigation that Mr. Laidlaw had started.

Q. Who asked you? A. I think it was Mr. Travers, sure of it, because I had not met anybody else in connection with the bank.

Q. You discussed it with him? A. Certainly I did.

Q. And were fully aware of the situation created by the Laidlaw writ? A. Yes.

Q. He told you I suppose that that writ had gone to Ottawa? A. No, I do not think so; the way the matter arose, as far as I was concerned, was an article in one of the evening papers containing two or three columns. Mr. Travers asked me to come down and see him. His immediate instinct was to ask me to issue a writ for libel against the paper.

Q. Of course you would not do that? A. I preferred to understand the circumstances first. Then I suggested that he call Mr. Lindsay and find out what Mr. Lindsay knew about it. My recollection is that I met Mr. Travers, Mr. Lindsay, and Mr. Warren, and discussed the matter, that the question came up who should act, and that I advised them to go to an independent solicitor.

Q. Was that Mr. McCarthy—Mr. McCarthy was with Mr. Laidlaw, was not he? A. I did not hear Mr. McCarthy's name mentioned.

Q. Who did they go to? A. Messrs. Watson, Masten, Smoke and Smith.

Q. To Mr. Watson's firm? A. Yes.

Q. At that time I think that probably Mr. Masten was not in it? A. That I could not be sure of.

Q. You did not act for the Farmers Bank? A. Not in that litigation.

Q. Was Mr. Lindsay a party to the writ? A. That I do not remember.

Q. Had you a retainer from any one else? A. No.

Q. Did you drop out of it completely and absolutely? A. I would not say that; I was in touch with Mr. Watson throughout.

Q. It was after, was it not, the loan of \$80,000? A. I had a notion that the payment by Mr. Warren's company had been made the day after the interview with Mr. Warren and myself and Mr. Travers in Mr. Warren's office, but after the suspension I learned it was some time later, so I cannot say.

Q. What was some time later? A. The payment of \$80,000.

Q. Speaking of that interview was that before or after the loan had been negotiated? A. The loan had been negotiated and the papers drawn before I was brought into the matter.

Q. Before you were brought in? A. By Mr. Warren.

Q. And in consequence of Mr. Warren's retainer you felt a difficulty when this matter came up of acting for the Farmers Bank? A. Yes.

Q. You were of course advised by Mr. Warren exactly what the situation was with regard to the deposit? A. With the amount of his loan?

Q. Yes? A. Yes.

Q. That he was discounting notes, that his company were discounting the notes and producing the money? A. As I understood the situation he was making an advance of \$80,000 upon \$100,000 of notes and assignments of monies paid under stock subscriptions.

Q. For the purpose of putting up the deposit to the Government? A. Certainly.

## SESSIONAL PAPER No. 153a

Q. That was Mr. Warren's instructions to you? A. He told me he was making that loan.

Q. Then when the Farmers Bank writ was presented I suppose you read the endorsement on it? A. I think I did more than that; I think I read the affidavits that were filed.

Q. Of William Laidlaw? A. Yes, I think so.

Q. You are fully aware then of what they were seeking to do? A. As aware as I could be from the reading of the papers.

Q. That was awkward litigation both for the Trusts & Guarantee Company who had arranged the loan and for the Farmers Bank, was it not? A. I could not speak as to the Farmers Bank, but I should not think it would be awkward as far as the Trusts & Guarantee Company are concerned; it was a question whether they had their security or not.

Q. Was not your security attacked in that action? A. I do not think so.

Q. Was it not impeached? A. I do not think so. The Trusts & Guarantee Company were not a party to the litigation.

Q. Did you know the right to pledge those notes for the loan was questioned in that action? A. The propriety of it was questioned.

Q. The legality of it? A. We would not be called upon to answer in that litigation.

Q. But it was in question? A. Yes.

Q. And you recognized that and I suppose told Mr. Warren so? A. I do not remember specifically mentioning that to Mr. Warren. Mr. Warren I think knew all that I did in connection with the matter; he was present when we read the papers.

Q. Did you ask him whether the loan of money had actually been paid over? A. I think there would be no question it had been paid over then, though as to the exact date of payment I am not aware.

Q. Was Warren pretty anxious about it? A. No, his attitude was he had his security for his money.

Q. Did you really decline to act for the Farmers Bank? A. I have said.

Q. I know you have; you said you declined, but I said did you really intend that to be the fact? A. Certainly.

Q. Why did you keep in touch with Mr. Watson? A. I think that was quite natural.

Q. Not if Mr. Warren's attitude is right, that he was perfectly satisfied, that he got his securities and it was not awkward litigation for the company? I do not see what made you apprehensive? A. I was not apprehensive, but I was keeping in touch.

Q. Why? A. To know what was going on.

Q. How were you interested? A. We were interested in this way at that time, that if the result had been that the bank did not go into operation we wanted to be ready to step in and get that money if we could.

Q. Get what money? A. The money we had advanced.

Q. Then it comes back very much to the same thing you were apprehensive; who suggested buying off the men who were promoting the litigation? A. I think it was either Mr. Lindsay or Mr. Travers; it was not a question of buying them off as I understood at the time, it was a question of offering to take transfers of their shares and giving them the money they had paid on them.

Q. Were you aware that Mr. Laidlaw felt aggrieved in the matter of the Farmers Bank at all? A. No more than I heard Mr. Travers say on one occasion.

Q. You were not solicitor for the bank, were you at that time? A. It appears to me I had drafted the advertisement in the 'Gazette' calling the meeting and I think that was antecedent to this.

Q. Is there any doubt about it you were acting for Mr. Travers and in that sense for the Farmers Bank before Mr. Warren retained you? A. No, I had never met Mr. Travers until I was employed by Mr. Warren.

Q. Under whose instructions had you drawn this advertisement? A. Mr. Travers, after the matter had been arranged between him and Mr. Warren.

Q. Then that must have been subsequent to this interview over the litigation. A. No, the notice in the 'Gazette' was current when this litigation came up.

Q. I am trying to get at when your first relations with the Farmers Bank started; that was before this interview when you and Lindsay and Travers and Warren were together? A. Yes.

Q. Was it before your retainer by Mr. Warren; which came first, the Farmers Bank or Warren? A. Warren, I knew nothing of the Farmers Bank until Mr. Warren had employed me.

Q. After he had employed you the Farmers Bank employed you? A. After the advance was made Mr. Travers asked me if I would act in drawing the papers for the 'Gazette' calling the shareholders meeting, and preparing the other formal papers. I asked Mr. Warren if he had any objection and he said no.

Q. What had you to do in arranging for the taking over of the shares; you did not go with Mr. Lindsay? A. My recollection is that Mr. Travers got a personal advance from the Trusts & Guarantee Company or Mr. Warren upon the security of his life insurance policy intending that that money should be given to Mr. Lindsay to be paid over at the time of taking the transfers; my recollection is that I prepared the assignment of that life insurance policy.

Q. The loan being some \$2,380? A. I forget the exact amount of it.

Q. Who made the arrangement with Warren or with the company to advance that money upon the life insurance? A. I think Mr. Travers must have.

Q. What instructions did you get about it? A. I got an instruction from Mr. Warren to prepare an assignment of that life insurance policy and the policy was given to me by Mr. Warren.

Q. At that interview we have already spoken of, when Travers, Lindsay and Warren and you met? A. No, I think not. I think it was subsequent to that.

Q. Are you sure? A. I can only speak from recollection, I think it was subsequent to that.

Q. You have no entries of these? A. I may have.

Q. You have not looked at them? A. No.

Q. I would like to see the entries? A. All right.

Q. Travers was reduced to pledging his life insurance at that time, did you understand that? A. I do not know how far he was reduced, he pledged his life insurance at that time.

Q. But there had been a loan upon these notes by the Trusts and Guarantee Company of \$80,000 you knew that? A. Yes.

Q. This was only a small, trifling, additional thing? A. Yes, this was a loan to Mr. Travers personally.

Q. Did not he ask that it be advanced on those notes at the same time? A. I do not know.

Q. He did not ask you at all events. A. No, he did not ask me.

Q. Whatever he may have stated to Warren you do not know about, Warren did not discuss that phase of it at all; he brought you the insurance policy? A. He gave me the insurance policy and asked me to draw an assignment of it.

Q. Was it only on the insurance policy or stock in the Dominion Permanent? A. I do not know of any stock.

Q. You drew the assignment? A. I drew an assignment.

Q. Do you know then as to what course the matter subsequently took, or did you just hand back the paper you drew and did they have it executed themselves? A. I was not present at the closing.

## SESSIONAL PAPER No. 153a

Q. At all events you knew the idea was then to hand the money to Lindsay?  
A. I understood that Mr. Lindsay was to be furnished this money to offer the complainants to take transfers of their shares.

Q. Did you prepare the papers for him? A. No.

Q. Would you just look at those and tell me if they were prepared in your office or with your knowledge? A. They were not prepared in my office. It is not the typewriting of the typewriter in my office.

Q. They were possibly then prepared in Mr. Watson's office I take it. A. I cannot say.

Q. He was acting at that time for the Farmers Bank? A. He acted in that litigation.

Q. You do not know whether he did or did not prepare these documents?  
A. No, I do not.

Q. We are told that Mr. Lindsay went out and around the County of Halton, did you know anything about that? A. No, except I think they were got because Mr. Watson told me he was going to move to dismiss the action.

Q. After they were got you heard from Mr. Watson? A. That he was going to move to dismiss the action.

The Commission adjourned from 1 P.M. to 2.30 P.M.

The Commission resumed at 2.30 P.M., March 20th, 1912.

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WILLIAM H. HUNTER, Examination continued—

MR. HODGINS: When did you learn the result of the Lindsay visit to the shareholders? A. I have no possible way of fixing the date.

Q. 26th October is the date of the signatures of the various shareholders who were plaintiffs in that action, the plaintiffs dealing with their stock? A. I have no recollection of how I heard it; I think it must have been in Mr. Watson's office.

Q. Shortly after I suppose? A. Yes.

Q. Were you aware of the dismissal of the action? A. I was aware he was going to move, but I was not up at the time it was dismissed.

Q. I suppose you learned that shortly afterwards? A. I think so.

Q. Kept yourself informed? A. Yes, as far as I could.

Q. Are you prepared to say you knew it shortly after the time at which the action was dismissed, the 27th October? A. I understood that there was a settlement between Mr. Laidlaw and Mr. Watson, at least minutes of settlement entered into, I do not know the actual dismissal of the action, I understood there was some minutes of settlement.

Q. Did you inform yourself what those were, and on what terms the stockholders in that action had been got rid of? A. No.

Q. You were satisfied with the result? A. I understood generally their shares were transferred or were to be transferred.

Q. To whom? A. That I did not know. The obvious difficulty was there was no transfer book in existence at this time, and there could be no transfer book opened until after the organization of the bank.

Q. You were alive to that? A. Yes.

Q. So that you saw a difficulty of getting rid of the subscriptions? A. It would have to rest on the undertaking of somebody that the powers of attorney to transfer would be exercised, and I presume that would be covered by the minutes of settlement.



Q. Did you not satisfy yourself as to the real position they occupied? A. No.

Q. Just left it in doubt? A. As far as I was concerned, I was charged with no responsibility in that matter.

Q. But acting for the Trusts Company you left it as you say without full knowledge of the details? A. I do not think the Trusts Company are interested in these subscriptions, I do not think any securities that moved to them were involved; I would not be clear on that either.

Q. Had the Trusts Company obtained the original subscriptions, or did you understand they were loaning upon notes alone? A. I understood that they were loaning upon notes, and an assignment of the monies payable under the form of subscriptions.

Q. So that the two would go together? A. So I understood, but I was informed after suspension by Mr. Warren that they had no assignment; that is the way I understood the transaction at the time it was opened to me.

Q. What steps did you take to see that the Trusts & Guarantee Company, that is your clients, had got what you thought was a proper security? A. That was not the question that was put to me; when the matter was talked over with me, Mr. Warren asked me to ascertain and give him an opinion whether the Provisional directors of the Farmers Bank had such a propriety in those notes, that they could endorse them over so that the Trusts Company would be holders for value.

Q. That was it? A. He also asked me when I met Mr. Travers to size the whole proposition up as to the outlook for Mr. Travers, and he also asked me when I was looking through the thing to give him a general idea of the character of the subscription lists.

Q. Was this your first retainer by him? A. It was the only retainer by him.

Q. And that was prior to the meeting in the office where the four of you were together? A. Yes, this would be about the middle of October.

Q. Then did you about that time see the subscription list? A. I went over to the office of the Farmers Bank, I think it was then opposite the Rossin House or King St., Mr. Travers at first declined to talk with me; after a little while he showed me—he had the subscriptions as I recollect them on a letter file and showed me the form of subscription; he ran through the subscriptions, leafed them over, telling me who this one was and who that one was. He had not the notes, I understood the notes were in the possession of the lender at that time.

Q. The Trusts & Guarantee Company? A. Yes, but he showed me a form of the notes. We had a general talk over the transaction and the shape in which it was to be put through.

Q. Did you form any opinion as to the validity of the notes, as compared with the subscription lists, they differing in the date of payment? A. I did not have any opportunity of comparing the notes themselves with the subscriptions, but I think probably I assumed they agreed.

Q. I thought he showed you a form of note? A. He showed me a blank note.

Q. Do you know the form of promissory note quite well, was that all he showed you? A. He just showed me one of the notes they were using, as I recollect it ran "I promise to pay to the provisional directors of the Farmers Bank of Canada or order", and then the payment. My general recollection on the subject is that it gathered together the last seven or eight payments that would have been under the form of the subscription.

Q. And made them due at a specific date? A. Yes.

Q. That question appears to have arisen, the question as between the subscription and the notes that they differed, early in June sometime as between the provisional directors and Mr. Travers, you did not as I understand go into it further than you have told us? A. No, I know nothing about that.

## SESSIONAL PAPER No. 153a

Q. Did you size up the situation otherwise? A. I looked through, I heard what he had to say about the subscriptions and I thought it was an unusually good list of subscribers; it seemed to have been pretty well placed.

Q. That was his statement? A. And I think any one would agree who has gone over it that as a rule they were fairly small subscriptions, the stock was very well divided, and in places where he would naturally expect to get considerable support for his branches.

Q. So that you reported favourably? A. I reported favourably upon that, that I thought it was a good list of subscriptions.

Q. The only point left of importance would be the validity of the deposit, the way in which the money was raised for the deposit with the Receiver-General? A. I do not think that would enter into the matter as far as the Trusts & Guarantee Company were concerned.

Q. At that time Travers had made his deposit with the Dominion Government? A. No, he could not have made his deposit with the Receiver-General at that date, because as I understood it, though the cheque was drawn it had not been turned over.

Q. That was probably some days before the 23rd October? A. It was around the 15th or 16th October.

Q. After that this difficulty with the Laidlaw subscription comes up and they are got rid of? A. The date of the writ would be—

Q. I have not the date of the writ; the fact is that the settlement that was made, was made on the 26th October, so that it was prior to that; then you saw Mr. Laidlaw's affidavit? A. I saw the affidavit that was served with the writ, I forget whose affidavit that was.

Q. You realized yourself that if the certificate was not granted by the department that the subscriptions with these notes would have to be returned to the various subscribers? A. Less the expenses, I suppose.

Q. And then did you further realize that in every case the loan by the Trusts & Guarantee Company would not be paid? A. No, I would rather take the other view, that if the Treasury certificate had not issued we would have got our money back from the Receiver-General.

Q. You thought that? A. That would be my view; I do not think it came up precisely in that form. Under the Act, as I recollect it, there was no provision if the certificate did not issue that he should return that money; I presume there would be a liquidation, and ultimately he would have to return that money through the liquidator.

Q. Did you consider that question as to the position the Trusts & Guarantee would be in if the certificate was not issued? A. Yes, that was considered but not in connection with the specific money in the hands of the Receiver-General.

Q. What was it considered in relation to? A. It was considered in relation to the fact that the Trusts & Guarantee Company would be holder of these notes for value, and that each individual maker of those notes, or the promissor in the subscriptions which had been assigned to them would have to pay the then holder.

Q. Was that your view? A. That was my view.

Q. Was that your view under the provisions of the Bank Act which limited the rights of the provisional directors to taking subscriptions and receiving the money? A. I cannot say that I considered that in connection with the Bank Act at all.

Q. What was the phase of the matter that brought it to your consideration at all? A. The question of whether they could realize on the note if the certificate was not issued, and my view was that they could.

Q. Was your opinion asked formally about that? A. In discussion by Mr. Warren.

Q. In your instruction was that prior to the discussion about the Laidlaw writ? A. Yes.

Q. And your opinion was that as the notes were in the hands of the holder for value they could be collected irrespective of whether the certificate issued or not? A. Yes.

Q. Quite apart from the question of whether the lender had notice of the circumstances? A. I would think so, though that specific question was not put to me.

Q. You depended upon the value having been advanced? A. Yes, and that the whole advance was going into the funds of the Farmers Bank and becoming part of the capital.

Q. Your view would be that when it was returned by the Receiver-General the Trusts & Guarantee Company would be entitled to part of that money? A. I thought so; they might have to file their claim with the liquidators.

Q. I am speaking of the fact of going into operation, was that your view then, if it did go into operation? A. If the certificates were issued?

Q. That the money would come back and pay you off? A. No, on the contrary I had the impression wherever I got it, that the Trusts & Guarantee Company would hold those notes and would be paid as the man paid his notes. I did not know anything about they were going to get a bulk sum repayment.

Q. But the question then was confined to the possibility that the certificate would not be granted? A. It would not be granted, and whether they could collect the note.

Q. Your client's position with regard to that; you became solicitor of the bank after that? A. After the organization meeting, I understand there is a resolution of the Board appointing my firm solicitors; the retainer itself was not fixed until the following June, if I recollect right.

Q. And after the passing of the resolution did you continue to act as solicitor of the bank? A. Yes, we continued to act as solicitors of the bank, and I think we were solicitors down to the time of the suspension.

Q. Were the documents that were got in settling with the Laidlaw shareholders handed to you to advise as to what should be done? A. No, I do not remember ever seeing them.

Q. Did the matter of those shares, or what had been done come before you at all up to say the 27th November? A. No, the provisional board were in authority until that time, it did not come at all.

Q. It did not come before you; you say the provisional board--? A. The elected board would be elected at the meeting of the 26th November; until that time it would be the provisional directors that would have charge.

Q. The organization meeting then was after the issue of the certificate when the permanent directors were elected? A. No, the certificate could not issue until after that meeting and the election of the directors.

Q. That is what I thought, it preceded the issue of the certificate? A. Yes.

Q. Prior to the issue of the certificate you were acting as the solicitor of the bank? A. That I could hardly say. I was acting under Mr. Travers' instructions in preparing for the organization meeting, but I do not think there was any resolution appointing me until after the organization meeting.

Q. It may be in the other set of minutes then? A. I should hardly think so; I had no communication at all with the provisional directors.

Q. I suppose you are aware of the resolution which was passed on the 8th October, directing the provisional directors to honor a power of attorney to Travers for the purpose of endorsing all notes? A. I knew nothing of it.

Q. Did you prepare the by-laws that were passed at that meeting? A. Of the 26th?

Q. Yes? A. I assisted in the preparation of them.

Q. You think there was a resolution passed by the regular directors? A. So I was informed.

## SESSIONAL PAPER No. 153a

Q. That I suppose is how you came to be consulted prior to the 27th November, with regard to the application for the issue of the certificate? A. No, I think I have already said that Mr. Travers asked me if I would act and prepare the papers, and I mentioned the matter to Mr. Warren, and he said he had no objection.

Q. You prepared the declaration which Mr. Travers swore to I think before you on the 27th? A. Will you let me see the declaration?

Q. I can show you a copy of it? A. My recollection is that I dictated the formal parts of that declaration to some stenographer in Mr. Travers' office, leaving blanks for him to fill in.

Q. I would like to know whether you prepared it? A. In that way I probably can be said to have prepared it.

Q. Prepared in your office? A. No, I think it was in Mr. Travers' office I dictated it.

Q. What had you to do with the preparation of it? A. I think I dictated the formal parts of that, leaving the blanks to be filled in.

Q. And he filled them in, you think, in his office? A. His stenographer did; he gave the information to the stenographer I suppose.

Q. Then it was—? A. It was declared before me in Mr. Travers' office if I recollect right.

Q. And I suppose after the blanks had all been filled in and completed? A. Certainly.

Q. Did you look at the exhibits that were then marked? A. I presume they may have passed through my hands, but I do not remember giving any examination of them.

Q. You did not inquire from Mr. Travers as to whether the gentlemen named as directors had agreed to take—? A. I knew nothing of that.

Q. You did not inquire from him? A. No; I probably in the dictation as I recollect would come to that point and then go on with my dictation and he would fill in the blank.

Q. There was a good deal set out in the prospectus, I want to know whether you had any knowledge of it? A. No, I had no knowledge at all.

Q. The list of subscribers, Exhibit D, what had you to do with that? A. With the actual list?

Q. Yes? A. With the list itself I had nothing to do.

Q. When did you see that first? A. I fancy when I marked it as the exhibit to that declaration.

Q. The first time you saw it? A. I think so.

Q. What had you to do in its preparation? A. The only thing I recollect is that the day after the organization meeting being in in connection with getting the papers ready for the application at Ottawa, and Mr. Travers introducing me to Mr. Fitzgibbon—I think Mr. Fitzgibbon came into the room, and Mr. Travers asked me to explain to Mr. Fitzgibbon the way in which he, Mr. Travers, had dealt with the note that was discounted.

Q. What note? A. A shareholder's note that was discounted with the Trusts & Guarantee Company. Mr. Fitzgibbon did not ask me any question, but I said as I understood the transaction, the note that had been given by the subscriber had been endorsed to Mr. Travers without recourse to the bank, that Mr. Travers had obtained a loan of the amount of the note, and that Mr. Travers was paying in that amount upon that subscriber's subscription, so that the effect of the transaction, as I understood it was, that as between the bank and the shareholder the bank admitted that the share was paid or part paid to the amount of the note, but as between the subscriber and Mr. Travers or the then holder of the note the subscriber was liable on his own personal obligation. That is what I said to Mr. Fitzgibbon.

Q. You just came in and Mr. Travers asked you to tell Fitzgibbon? A. To explain what had been done.

Q. You must have known of course what had been done? A. I knew that he was applying the monies, the proceeds of these notes upon the subscriptions, of course.

Q. How did you know that? A. Mr. Travers told me he intended to do that.

Q. You are speaking of one individual note in this conversation? A. Yes, that is as far as it went with Mr. Fitzgibbon.

Q. You are speaking to him of one individual note? A. I was just taking the instance to make it clear to Mr. Fitzgibbon; I thought from what Mr. Travers said that Mr. Fitzgibbon wanted to know in what relation the bank would stand to that shareholder and in what relation that shareholder would stand to Mr. Travers who held the note.

Q. Mr. Fitzgibbon was interested in those legal questions? A. I do not know if he was interested; he looked intelligent; he did not make any comment or ask me any questions.

Q. You must have had some conversation with Mr. Travers as to the subject before to be able to give that? A. At the time of my first interview with Mr. Travers.

Q. Tell us what conversation you had with him which prompted this remark to Fitzgibbon? A. I did not know I was going to be asked to meet Mr. Fitzgibbon.

Q. Tell us what had occurred previously that prompted this remark to Fitzgibbon when you were asked to give it? A. I could not tell you that. Back in October when I first met Mr. Travers, Mr. Travers had explained to me how he proposed to apply the money he was obtaining?

Q. What was his explanation? A. His explanation was just as I was repeating now, that he proposed to apply the money that he received in payment on the subscriber's share, and I asked him the question and brought out the answer from him that as between the bank and the shareholder the share would be either fully paid or part paid depending upon the amount, but as between the shareholder and the person who held his note, the shareholder would still be liable to pay his note.

Q. Would be liable to the Trusts & Guarantee Company? A. Yes.

Q. It was with reference to discount there you were discussing? A. Yes, I wanted to know how he was going to get this money into capital.

Q. You of course knew that \$110,000 of notes had been pledged for an advance of \$80,000? A. No, my information was that there was \$100,000 of notes and monies payable under subscriptions; I understood it covered both; I did not know that there were notes to the extent of \$100,000.

MR. COMMISSIONER: You mean not to \$110,000? A. What I mean is that I did not know there were notes to the amount of \$100,000. I thought the security from my information was notes and assignments of specific subscriptions and the monies payable under them were these subscriptions not represented by note.

Q. Notes to what amount? A. I did not know how many notes, how many subscriptions.

MR. HODGINS: Do you mean to say then that neither from Travers nor from Warren did you learn the true transaction, the way in which it was being carried out? A. I only know what I am saying and if the transaction is different as it appears to be then I did not know the true transaction; I was not brought in at the beginning of it.

Q. You do not appear to have got from Travers any distinct idea as to how many notes he was putting up, how many stock subscriptions, in what form they were being handed over, and the exact amount of money to be advanced? A. \$80,000 was the amount and \$100,000 of security given.

## SESSIONAL PAPER No. 153a

Q. And in what form? A. I did not know how much of it was note and how much of it was assignment of subscriptions.

Q. You did not know that from Travers? A. No.

Q. Did you in advising Mr. Warren's company ever ascertain exactly what had been done between Mr. Travers and the Trusts & Guarantee Company, to get this money? A. I had no discussion with Mr. Warren.

Q. Is that the position you occupied? A. Yes.

Q. That being solicitor for the Trusts & Guarantee Company— A. I was not solicitor for the Trusts & Guarantee Company generally.

Q. Being asked to advise Mr. Warren upon this transaction that you did not, either from Travers or Warren, get the exact details of what was being done? A. As I understood what Mr. Warren was asking me was whether he was getting proper title to these in that way; as to the amount, it was a matter of indifference to that question.

Q. You must have been in considerable haze as to the exact situation when you sat down to advise Mr. Travers on his application for the certificate? A. I did not advise on that, I knew it was being done; it was the only way in which it would become capital.

Q. When you went into the office and saw Fitzgibbon? A. I thought Fitzgibbon came into the room where Mr. Travers and I were.

Q. Had you the list with you? A. No, sir, I saw no list.

Q. What were you discussing? A. That is I say Mr. Travers asked me to explain to Mr. Fitzgibbon the relation in which the bank would stand to that shareholder whose note had been discounted and the proceeds applied.

Q. Did you know that the notes had been individually discounted and specific sums advanced by the Trusts & Guarantee Company against each specific note? A. No, I do not know that, and I do not think that was the case.

Q. How were you advising or giving an opinion to Mr. Fitzgibbon about the relation of one shareholder to Travers and one shareholder to the Trusts & Guarantee Company? A. It appeared to me obvious that if Mr. Travers had applied upon the subscription the amount of his note, paying up that subscription—

Q. The face of the note? A. Yes, paying up that subscription, and had it so entered in the books of the bank, the bank could not afterwards say to that subscriber his share was unpaid; that seemed to me obvious.

Q. Now, you did not even know there was \$100,000 of notes and did not know how much was made up by an assignment of the subscriptions? A. That is true, but I am told since that there was no assignment of subscriptions.

Q. How were you in a position to advise Mr. Fitzgibbon or anybody else that Mr. Travers had obtained upon any specific note the face value of that note and pretended to pay it upon the share? A. I did not think I was undertaking to advise Mr. Fitzgibbon, I was explaining the transaction as I understood had taken place between Mr. Travers and the Trusts & Guarantee Company and the bank.

Q. And you have already told us what knowledge you had to found that advice on? A. Yes.

Q. Although Mr. Travers and Mr. Fitzgibbon have told us that in addition to crediting certain amounts, which by the way did not pay the notes up in full, I am instructed at all in any case, they spread a number of payments as they call it on subscriptions on which nothing had been received, and they say that that was communicated to you and that you advised that that was all right? A. I do not understand that they put it precisely that way, but if anything was said to me it would be in this connection: there was more security given than the amount of the advance and it seemed to me it was open to Mr. Travers to apply so much of that advance upon part payment of any of these and not treat the whole of it as paid. He was giving more security than the advance he was getting.

Q. If so he would not have enough to go around? A. If he had the assignment of a subscription, \$500, if he had the assignment of that, or that had been assigned to the Trusts & Guarantee Company, Mr. Travers could apply \$100 and the first hundred that that man paid would belong to the Trusts & Guarantee Company.

Q. What about the balance? A. The balance would belong to the bank.

Q. Could Travers apply that on anything he liked? A. I do not think so.

Q. How far do you differ from these gentlemen who have spoken to your knowledge? A. You will have to tell me what they have said.

Q. Before we go through that your position is you understood and told Fitzgibbon that the money raised by Mr. Travers upon a note could be applied to pay that as between the bank and the subscribers up in full? A. Could be applied by Mr. Travers, could be paid in by Mr. Travers and the bank would have to give credit for it to the shareholder. It seemed to me in the result that the shareholder was in the position of having a share paid, but still owing his debt to a third party.

Q. Were you in the room and did you hear Mr. Fitzgibbon's evidence? A. Part of it only.

Q. Mr. Travers says this; he was asked, "Did that \$291,300 include the \$100 you told me you borrowed"—that \$291,000 is the amount shown on the list as paid up? A. "Yes, that would include that."

Q. So that then it would not be true they had not been paid? A. It had been paid by the subscribers themselves.

Q. "How did you fix that up, Mr. Travers, if I may put it that way, to put in that \$100,000 where did you show it? A. We spread it over various subscribers who had not paid anything, but had given their notes.

Q. "To that extent it is not true? A. It is not true to that extent.

Q. "You say 'we', whom do you mean by we? A. I presume I was the most responsible one, but there were others that were assisting me.

Q. "Who were they? A. Dr. Nesbitt, J. G. Fitzgibbon and our solicitor Mr. Hunter." Then a little lower down: "Did Dr. Nesbitt know they were false? A. He knew that we had used monies that I had borrowed to pad out the statement.

Q. "Did Fitzgibbon know? A. Fitzgibbon knew that.

Q. "Did Hunter know that? A. And Hunter knew it." Then further down: "When you speak of spreading, what do you mean? A. We took the \$80,000 and filled out opposite various names".

MR. COMMISSIONER: I notice there he first speaks of \$100,000; that is a mistake, is it not?

MR. HODGINS: No, because he borrowed not only \$80,000 but also an additional amount.

Q. "Anything spread in that—the \$100,000 spread in that one? A. The spreading was done in the other one I think.

Q. "When you speak of spreading, what do you mean? A. We took \$80,000 and filled out opposite the various names.

Q. "Money they were supposed to have paid in cash? A. Exactly.

Q. "Did anybody know that was being done? A. I do not think it was known outside of the parties I have named.

Q. "That is which ones? A. That was Dr. Nesbitt, Mr. Fitzgibbon, Mr. Hunter and myself".

Q. How far is that correct? A. That is correct to this extent, I knew that the \$80,000 that was being obtained by Mr. Travers from the Trusts Company was reaching the capital stock as payments in for various shareholders, but as to what was paid on any one shareholder I had no means of knowing and never did know.

Q. Did you know that they were attributing to people who had not paid at all monies borrowed from the Trusts & Guarantee Company? A. Not unless they had something of that subscriber that they had discounted.

SESSIONAL PAPER No. 153a

Q. If they had his stock subscription? A. If there was an assignment of the monies under a stock subscription I would consider it was perfectly open to Mr. Travers to use part of the bulk sum he had obtained and apply it as part of that subscription.

Q. You and Fitzgibbon and Travers agree practically? A. Except I do not wish it to be assumed that I was present and took part in the adjustment of the amounts. I knew that the capital when that transaction was finished included \$80,000 of money that had been procured by Mr. Travers and paid in for the shareholders, and I understood he was going to do that at the time of my interview in the middle of October.

Q. I want to make it quite clear, you did know that the amount which was being raised was being applied partly on the outstanding liability of those who had given notes for it, and also upon the outstanding liability of those who had given no notes, but who had subscribed for stock? A. I would not say that, but in each case I understood from what Mr. Travers said that they had money in their hands, which they were able to transfer from the lender, and that the proceeds of that was being applied, but as he was giving security in excess of the actual amount he was receiving he had the right to choose which he would pay in full and which he would only part pay.

Q. Then you do not vary very much? A. I think that position was sound as a matter of law, as I understood the facts.

Q. Then you do not disagree with the statements they have made? A. If that statement does not go farther than I have said we certainly do not disagree.

Q. The statement goes this far, that the application of those monies was not merely upon those whose notes we discounted, but also upon those subscriptions upon which nothing had been paid? A. If there was an obligation in their hands that they had transferred to the lender.

Q. You have said you understood there were subscriptions transferred and notes. A. I understood there was an assignment of the monies payable under these subscriptions, but I did not understand what Mr. Fitzgibbon said this morning that in the case of particular subscriptions that had been taken after that date and dated back that there were monies applied out of this advance, I did not know that; I understood it was applied in the case of existing subscriptions and where something had been placed in the hands of the lender which was available for the loan to collect from the subscriber.

Q. You limit yourself to those which had been transferred to the Trusts Company on the \$80,000 loan? A. Yes, on which the liability had been transferred to the Trusts Company such as they could collect.

Q. You would think that they had done what was perfectly proper? A. As far as I knew at that time they did what was perfectly proper.

Q. I explained what they did? A. If what Mr. Fitzgibbon said this morning they did do, then they did something that was improper.

Q. In what respect? A. That in respect of certain subscriptions that were taken after the date of the transaction with the Trusts Company, dating these subscriptions back and applying a part of the proceeds of this advance to those specific subscriptions, I do not see what authority they would have to do it.

Q. You mean that was improper because it was after the time when you gave them that advice? A. No, the lender had nothing in his hands to show the liability of these people to pay; there is where the hinge is.

Q. If the Trusts & Guarantee Company had an obligation from a shareholder on which he had not given a note and if that obligation were assigned you think it would be quite right to represent that to the Government as being a payment of part of the \$250,000 under the Bank Act? A. I do not like the question in that form; if you will allow me to answer with this qualification: it seemed to me that the section of the Bank Act was only concerned with the quantum of capital that was paid in, that they were not concerned with who paid it in.



Q. I did not understand from what you said that you had considered that section of the Bank Act? A. Certainly I had considered that section of the Bank Act.

Q. You had given him an opinion? A. No, I was talking that matter over with Mr. Warren, I was not advising Mr. Travers at that time.

Q. Did you give that as an opinion to Mr. Warren? A. I said that that was my view of that section of the Act, that the Act was only concerned with the quantum that had reached capital account and was not withdrawable from the capital.

Q. I cannot ask you to construe an Act of Parliament, but would you mind if I read you that section, and then see if you are still of that opinion? A. Yes.

Q. (Reads section of the Bank Act). Do you think that "Thereof" had any significance? A. It means of the capital bona fide subscribed.

Q. And was the money that they were spreading over these lists part of that \$500,000 subscribed? A. As I view it Mr. Travers had paid in for the amount of the subscriber's obligation; then that certainly was paid in in respect of subscribed capital.

There is no other way in which it would become capital. It had to be received in respect of some shares of the subscribed capital to reach capital.

Q. Would you say Mr. Travers or anybody could put up a certain amount of money to get a certificate from the treasury and if he chose to say I apply this on A.B. or Mr. C.D. that satisfied the Bank Act? A. That satisfied that section of the Bank Act.

Q. You would not see anything improper in getting a certificate that way? A. I did not see anything improper; I thought that was all right.

Q. So that if Mr. Travers and Mr. Fitzgibbon acted in that way they have got your countenance? A. Mr. Travers explained what he was going to do before he got that money; I could not see there was anything wrong in what he was proposing to do, as I understood the matter.

Q. And you had told Mr. Warren that? A. I told Mr. Warren that, certainly.

Q. You went down with Mr. Travers to Ottawa? A. Yes.

Q. Whom did you see in connection with the issue of the certificate? A. Mr. Travers asked me to go down to argue this same proposition of law on that section if the question arose.

Q. Who with? A. If the question arose to argue it with the Department of Justice. I told him the usual proceeding was, as I understood, if questions arose they were referred to the Department of Justice.

Q. Did you argue it with them? A. I was not asked to. When I went down Mr. Travers and I walked up to the Department, that is the Finance Department and if I recollect right it was Mr. Ross we met, the chief clerk—I have forgotten whether he was chief clerk—Mr. Travers produced his papers and laid them down; Mr. Ross told him there could not be any meeting of the Treasury Board to consider this matter for four or five days at the earliest, so I said to Mr. Travers, "I will go back and I will come down again on a telegram."

Q. What day did you get there? A. It would be on the 28th I was there.

Q. Were you aware that Mr. Boville submitted all those papers to the Department of Justice that day? A. No, I knew nothing of that.

Q. You were not asked to see him? A. No.

Q. The question you had feared was not raised? A. I could not say that I feared the question.

Q. That you anticipated? A. Mr. Travers anticipated the question to be raised; and he asked me if I was prepared to argue it, and I said I was; and he asked me if I would go down and argue it if raised.

Q. What made you go and look over all the original subscriptions? A. I think Mr. Fitzgibbon is wrong there; I do not think I looked over the original

## SESSIONAL PAPER No. 153a

subscriptions, but I thought if I had to argue that thing that I would have to show substantively that this money that had been received from the Trusts & Guarantee Company had reached capital account, and the only way, as I say, in which it could reach capital account was that it be received in respect of shares subscribed, and I went in to see Mr. Fitzgibbon to say to him that in support of that argument when it came up we would probably have to produce the shareholders ledger, and I wanted to be assured by him that those amounts had been placed to the credit of the respective shares. I do not remember seeing the subscriptions at all.

Q. He says you went over the original subscriptions which are produced? A. I have no recollection of that. It would be the foundation that it had reached the shares.

Q. This sort of thing is what we showed to Mr. Fitzgibbon? A. I do not remember asking about that at all; it was the other matter that was present to my mind.

Q. What was the other matter? A. That the amount that had been borrowed by the discount of the notes had actually been placed to the credit of particular shares.

Q. Did not it strike you as somewhat peculiar you should do that when the very list that you and Mr. Travers took down contained that allocation? A. But in support of the argument it is altogether likely you would have to produce the original books of entry in which those were entered.

Q. And did you find that allocation made in the books that you saw with Mr. Fitzgibbon? A. He produced some book to me in which he showed me a column of figures and said that was it; I had no means of checking it up.

Q. What was the use of looking at it? A. I wanted to know it had been done.

Q. Could you identify the book? A. I do not know.

Q. What was it? A. It would be one of those large books; I think this is the book. (Exhibit 20).

Q. Show me the columns? A. (Shows).

Q. Total payments? A. Yes.

Q. Would that be the column, the last column but one on the page that was filled in? A. That is what I think he showed me that that included in respect of each of the shares upon which the proceeds, the discount had been applied included the amount to the credit of that share, and that it had reached capital account in other words.

Q. But would not it be of very great importance to you to know that payment had actually been made? A. I knew that payment had been made.

Q. How did you know the payment had been made? A. Because the proceeds of the money were in the hands of the Bank of Montreal.

Q. But that is arguing in a circle, that is assuming it had been made and was applied; you are here now looking at the book to see if that is so which had occurred before you went down? A. But you do not quite understand what I am at; they might have made a bulk entry in their books that so much had been received in respect of capital stock; that would not seem to me to satisfy the requirements; it must be received in respect of specific shares; no bulk entry would carry it.

Q. Do you say that that book—because we can compare it afterwards—do you say that that book is the book you relied upon and saw in November, 1906? A. That seems to me to be the book subject to what Mr. Fitzgibbon will say.

Q. Which column? A. The column of total payments.

Q. But that is total payments up to the time the bank failed.

MR. COMMISSIONER: Look further back on the other page. A. Is Mr. Fitzgibbon here?

MR. HODGINS: No. A. I think that is the book. (Exhibit 20.)

Q. Tell me the column you speak of? A. It would be the total payment column as of the date I looked at it.

Q. Take it there "L", this would be something around the time; but you notice here a date in 1907 on that first column on the second half of the page? A. I would have to ask Mr. Fitzgibbon what book he showed me; it looked like that book.

MR. COMMISSIONER: It is simple enough; these entries are made in 1907; that is the book as it was completed up to that time with those two first columns; the first two columns were the subscription payment and allotted.

MR. HODGINS: There is one dated there in February, 1907.

MR. COMMISSIONER: As I understand he did not attempt to check all those. He was trying to ascertain whether that had been done, and Mr. Fitzgibbon produces this book and says "Here is the book which shows I have done it"? A. That is so. I expected if the matter came up in that form they would have to produce what corresponded to their stock ledger to show that money had reached capital account.

MR. COMMISSIONER: You want this to be the book as an indication that that had been done, and the assurance of Mr. Fitzgibbon that it had been done throughout? A. Yes.

MR. HODGINS: Did you get his assurance? A. He told me it had been done, and it looked to me that it had been done as far as I could tell.

Q. Did you compare the stock list that went down with the book at all? A. Not at all.

Q. Did you ask any one? A. No.

Q. Did you ask any one if the stock list down in Ottawa corresponded with the book? A. No; I assumed it did.

Q. Did you ask him? A. No.

Q. Mr. Fitzgibbon's letter is dated November 29th, that you had called to see, and had gone over all the applications and informed Mr. Fitzgibbon that they were all in first class shape—? A. I do not remember going over the applications at all.

Q. This is November 29th, and it was written the day you were in? A. Yes.

Q. Would not he probably be more correct? A. I do not know, I am speaking from my recollection that that is what I went in to see, and what seemed to me material to the case.

Q. Did you take any pains to see whether the shareholders, known as the Laidlaw shareholders had been included in that list? A. No, I did not know whether they were or not.

Q. You did not ask about it? A. But looking back upon it and reasoning I would expect they were, if that list speaks as of the date of the notice calling the meeting. I do not know as to what date the list speaks of, but if that is the governing date, it would include those.

Q. And properly so? A. I think so.

Q. Why? A. Because if the declaration or the list speak as of a date anterior to the row with Laidlaw's clients, it ought to include them.

Q. They ought to be represented as bona fide subscribers on the 27th November? A. If the governing date is the earlier date then it would not be the 27th November.

Q. That is they should be put in that declaration if the declaration set out that they were bona fide subscriptions on a certain date? A. If the governing date—and my recollection is that Mr. Travers was obstinate upon that point that the governing date was the date of the notice in the 'Gazette' calling the meeting of the 26th November; that would be one month prior.

MR. COMMISSIONER: The statement in the affidavit is, "On the 23rd day of October there had been actually bona fide subscribed."

MR. HODGINS: That is what you mean? A. Yes, if that is the governing date. I disagreed with Mr. Travers there and I tried to argue with him and he

## SESSIONAL PAPER No. 153a

was obstinate and he thought the Act spoke altogether as of the date when the notice started to run.

Q. Well, that is perfectly correct that he says on the 23rd October there had actually been bona fide subscribed \$507,057 in shares—the list, Exhibit D we are discussing is said to be a list of the subscribers correctly setting forth as to each subscription, the name of the subscriber, his address, the number of shares subscribed for by him, the amount of such shares, the amount paid in thereon. Each of said subscriptions is a bona fide subscription to the capital stock of the said bank?

A. Again speaking of that governing date.

Q. It does not speak of the governing date, it speaks of the date of the declaration? A. Is the list dated?

Q. No, it does not appear to be. You were only the one day in Ottawa? A. Yes, I expected to go back again.

Q. Had you occasion to advise Mr. Travers while there upon the subject? A. Of this?

Q. Yes? A. No; the talk we had had was the day before.

Q. In Ottawa you did not have to advise him at all? A. No.

Q. Mr. Fitzgibbon's letter refers to those three cheques that were sent down; do you remember what Mr. Travers said about that? A. I was trying to recollect; it runs in my mind that he had, when he got through in Ottawa, to go down to Montreal on some business; I think there was some mix-up about a lease that some agent had taken for the bank, and he had not the money with him for what he would do in Montreal, and he told me when I was in seeing them, to tell them to send him down some cheques, whether it was one, two or more, I do not know, but I did not know what the purpose of the cheques was.

Q. You had no part in connection with the issue of the certificate; you did not go back to Ottawa? A. The first I heard was the certificate had issued.

Q. You heard that from Travers? A. I think Mr. Travers telegraphed his office.

Q. And then he came up here? A. Yes, but I think he came by way of Montreal; it was some days afterwards and then I saw him.

Q. Did you learn from him that the Minister had pointedly asked him whether the money had been borrowed? A. No, I am almost certain that that did not come out. What Mr. Travers told me was a matter that was rather different. He said he had got a good introduction to Mr. Fielding, that he had produced to Mr. Fielding his testimonials as a banker, that Mr. Fielding expressed himself as pleased to find the affairs of the bank were in the hands of an old and experienced banker, and Mr. Travers said to me that he had his Treasury certificate in twenty minutes after his interview with Mr. Fielding, and that that was the ground of the decision, the affairs of the bank were in good hands.

Q. What Mr. Fielding wrote Mr. Travers I will read to you: "We have been told that in some cases the subscribers did not actually pay in cash but gave notes to the provisional directors which were used to raise the money. . . . I shall be glad to have an assurance that nothing of the kind has taken place in relation to the subscriptions for the Farmers Bank, but that the amounts set forth in the application as having been paid up have in every place been bona fide cash payments." A. The first I knew of that was when the papers were produced in the House.

Q. Mr. Travers never told you at all? A. No.

Q. And his answer would be written in the light of the conversation with what he knew you had done, and the conversation with you as you told us advising him? A. I do not see how he could answer that on any advice I gave him, because my advice was to argue the law.

Q. He got rid of you? A. No, I do not think he got rid of me, I think he expected me back, but it looks to me as if he took the line of least resistance when the thing came up.

Q. He said he got it in twenty minutes? A. That is what he told me, after he had the interview with Mr. Fielding he had his certificate in twenty minutes; that the point Mr. Fielding was making—Mr. Travers had shown me previously some of these letters, a testimonial from the General Manager of the Merchants Bank, and some others, I have forgotten whom, as to his long and successful experience as a banker; and what seemed to be troubling Mr. Fielding according to the way Mr. Travers spoke to me was that the affairs of the bank might be in the hands of a man who was not a banker, and therefore would give the Government trouble sooner or later, and his anxiety was relieved,—I think those are the words Mr. Travers used in quoting Mr. Fielding—that his anxiety was relieved when he found out the affairs of the bank would be in the hands of an old and experienced banker.

Q. Did he mention what introduction he had had? A. Yes.

Q. What did he say? A. He said, the chief Liberal Whip had introduced him.

Q. Did he draw any money when you were down there? A. Not to my knowledge.

Q. Did you know as to any of the subscriptions said to be ante-dated; you have confined your evidence so far to the \$80,000 loan? A. Yes.

Q. There was subsequent to that from the Trusts & Guarantee Company a \$20,000 loan? A. I did not know that until after the suspension.

Q. You were not consulted in any way? A. Not consulted at all with regard to that.

Q. You did not know, did you, about these subsequent subscriptions? A. No, and I heard some evidence this morning that I can hardly agree with.

Q. What is that? A. That is as to a \$50,000 subscription of Lindsay's; my recollection is that at my first interview with Mr. Travers that I came across that subscription in looking through the subscriptions and asked him about it.

Q. What did he say about it? A. He said first of all that he had at that time subscriptions to the amount of five hundred and sixty odd thousand dollars and that that fifty thousand dollars was not part of the five hundred thousand dollars needed under the Act, and then he explained that subscription that Mr. Lindsay had been canvassing various people whom he had been unable to close with, but had promised stock at par, and he was subscribing for \$50,000 to be able to carry out the promises he had made, and that in any event the first installment upon the subscription would be paid, because the bank were going to be owing him considerable sums of money for commission; so that my recollection is that that \$50,000 was in at the time I saw that subscription, about the middle of October.

Q. You see the subscription dated the 22nd October? A. Again that subscription would be dated after the time I saw it, if that is the subscription I saw; but I have a distinct recollection of discussing a Lindsay subscription for that amount with Mr. Travers in his office on King St.

Q. He may have had the document; was it in application form? A. An application.

Q. He may have had that and not put it in, not intended to use it? A. I do not know about that. It was on the letter file of the subscriptions, because that was the large subscription and that is the one I asked about.

Q. You think it was before the 22nd October? A. My interview would be before the 22nd October; that is correctly dated the 22nd October, I could not have seen it when I was in Travers office.

Q. Look at it and see? A. Yes, this is dated October 22nd.

Q. Is that the one you saw? A. That I cannot say; I do not think I could have seen that one on the day I am speaking of.

Q. Was the one you saw dated? A. That I cannot say; I think I remember clearly the amount 500 shares, but I do not remember anything else because it

## SESSIONAL PAPER No. 153a

would be a matter of considerable importance to me at that time if there was a subscription of \$50,000 to be counted to make up the \$500,000.

Q. Why would it be important? A. Because the basis of it was \$500,000 subscribed, and \$50,000 by a stock solicitor might not be assumed to be bona fide subscribed.

Q. That was your impression? A. Yes, I wanted to know something about his means and why he was subscribing.

Q. Did you inquire about his means? A. From Mr. Travers and Mr. Travers said the first installment, the commissions that the bank would be owing him would answer the first installment.

Q. He did not go further as to that? A. No, but then he went on and made the explanation that there were parties to whom Lindsay wished to be able still to transfer some shares at par.

MR. COMMISSIONER: Do you happen to know any special reason why you were retained by the Trusts & Guarantee Company in this transaction? A. I hardly looked upon it, sir, as a retainer by the Trusts & Guarantee Company. Mr. Warren and I had discussed a like transaction that had taken place in connection with an insurance company some time before.

Q. You think that is the reason? A. Yes.

Q. It had nothing to do with your connection or supposed connection with the Farmers Bank? A. I had no connection with the Farmers Bank.

Q. Any connection or supposed connection you had with the Farmers Bank—it had not? A. He knew I had no connection with that.

Q. I do not quite understand how you work out the idea that nobody would be hurt; it would be impossible for anybody to be hurt by the transaction that was entered into in the way in which the credits were given. Supposing a man that had given his note for \$1,000 had got credit for \$500 on his own transaction and \$500 had gone to the credit of John Smith who was not worth a brass farthing, how would he be helped when he was called upon to pay the balance of his note after he had paid his \$1,000 to you, where would he be as to your clients? A. I looked upon it my people were advancing only \$500 of the \$1,000 in the first instance.

Q. I am not talking about security of the lender; I am talking about the fairness to the subscribers; one subscriber has given his note for \$1,000, money is borrowed upon that, half of the money attributable to that note is applied in payment of his stock, the other half is applied in payment of stock of somebody else who has paid nothing? A. I did not understand the transaction was taking that shape; I understood that where the whole amount was not applied that the lender was only loaning the amount that was applied on that particular note.

Q. I thought it was a bulk loan upon all the notes? A. It was a bulk loan but it would have to be distributed; for example, if in the case you quote, the man had given his note for \$1,000 and only received credit for \$500 in my view the Trusts & Guarantee Company could only collect the \$500; they held security in excess of the amount of their loan.

Q. I thought the idea was that the Trusts & Guarantee Company were bona fide holders for value of these notes and could collect the full amount; it seemed to me there would be a difficulty there? A. In practice that ought to have been solved with Mr. Travers filing with the Trusts & Guarantee Company the amounts he had appropriated to the particular shares, and the share certificates should have been lodged there, showing the amounts paid, and as the man came in to the Trusts & Guarantee Company he should have had the obligation handed back and the share certificate.

Q. The Trusts & Guarantee Company had not very much security if they had simply the subscription for the stock, had they? Supposing the bank had not gone on? A. I think the promise to pay could be collected; it could be collected by a liquidator.

Q. Collected by the bank? A. It could be collected by the liquidator of the bank.

Q. Don't you think Mr. Travers, when he was putting in the hands of the Minister a declaration that on the 23rd October there was so much bona fide subscribed and so much actually paid, ought as an honest man to have communicated to the Minister the fact that with regard to 210 or 219 shares these shares had been practically repudiated and the bank had recognized the right to repudiate—did not that look like a dishonest transaction? A. I would not like to characterize it as dishonest.

Q. If a man had thought about it, would not he have thought it his duty to have communicated? A. The Finance Department according to all I have seen since had the whole correspondence with Mr. Laidlaw in their office at that time.

Q. All that was said by Mr. McCarthy in withdrawing his protest was that his clients had been settled with; there was nothing to indicate that they had been bought off—not using that in any offensive sense—that they had been settled with by taking the stock off their hands? A. It would have been better at the end of the share list to have added the note that as to 219 shares they would be in the hands of other holders.

Q. Had you any acquaintance with Mr. Travers before you came into communication with him about this bank? A. No communication at all, no knowledge of him.

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MR. HODGINS: There is evidence that was given—I do not know that it was of very much importance, but it was given by Mr. Hughes Charles of Montreal. It is in reference to a conversation he had with Mr. Stratton. I do not know whether to bring him here or not, because it is only as to a sentence, a short conversation, and I do not know whether you would care to use the evidence that he has already given. If so I can put that in.

MR. COMMISSIONER: How is that relevant, a statement of something that Mr. Stratton may have said?

MR. HODGINS: It will have its relevancy when we come to investigate the Trust & Guarantee Company.

MR. COMMISSIONER: You had better wait till we reach that. Is Mr. Stratton to be called?

MR. HODGINS: Yes.

MR. COMMISSIONER: It would be better to examine Mr. Stratton about it and put it in in contradiction if necessary.

MR. HODGINS: Would there be any objection to putting it in and reading his evidence; or would you rather have Mr. Charles here?

MR. COMMISSIONER: I do not think there is any objection. When Mr. Stratton is examined, if he has any view about it that he would prefer to have him here, we can deal with it then.

MR. HODGINS: I will mention it again before putting it in.

MR. COMMISSIONER: I do not see any object in bringing him here.

MR. HODGINS: However, I would rather, I think, mention it afterwards.

The Commission adjourned at 4 P.M. to 11 A.M. tomorrow, March 21st, 1912.

SESSIONAL PAPER No. 153a

The Commission resumed at 11 A.M. March 21st, 1912, at Osgoode Hall.

PRESENT:

THE COMMISSIONER, HON. SIR WILLIAM MEREDITH.  
FRANK E. HODGINS, K.C. and J. THOMPSON, K.C.  
I. E. WELDON.

ARTHUR R. SHAVER, Sworn, examined by—

- MR. HODGINS: Q. What was your position in the Farmers Bank? A. Transfer Clerk.
- Q. What banking experience had you? A. None prior to that.
- Q. When did you join the Bank staff? A. About the end of October, 1906.
- Q. Employed by Travers? A. Yes, sir.
- Q. What had you been doing before that? A. Accountancy.
- Q. Then you were familiar with figures at all events? A. Yes, sir.
- Q. You did the writing out of cheques, didn't you? A. For a short time.
- Q. For how long? A. A few weeks.
- Q. Beginning about when? A. Just about the time I speak of until the organization.
- Q. The organization meeting? A. Yes.
- Q. It would be about a month? A. Yes, something like that.
- Q. You kept this cheque book and wrote out the cheques in it? A. For the most part, yes.
- Q. Do you remember three blank cheques being torn out and sent to Travers? A. I recall it now.
- Q. Just look through and see if you can tell where those were taken from? A. No, I cannot trace them.
- Q. Look at the cheque I show you, number 23, do you find that? A. Yes.
- Q. What do you find that to be for? A. Here it is expenses W. R. Travers and W. H. Hunter to Ottawa and Montreal *re* Treasury Certificates \$100.
- Q. Is that the cheque corresponding to it? A. That should be, yes.
- Q. Is it in your handwriting? A. Yes.
- Q. Would the three cheques be after that? A. I could not say.
- Q. What do you remember about it? A. I don't remember anything about it.
- Q. You see the stubs are written in your handwriting? A. Yes, very likely afterwards.
- Q. Quite probably; that would tell you something about it; you see the stub of number 25 has the date altered and the stub of number 26 has the name altered; can you tell at all which were the three cheques? A. I would not think 25 was; that is a local cheque for salaries.
- Q. Why was the date changed on that? A. I could not say.
- Q. Have you looked at the cheque? A. No.
- Q. Take the next one, number 26, that was formerly drawn to one McCorquodale.
- Q. Have you any recollection of that? A. No.
- Q. Who was McCorquodale? A. He sold some stock for the Provisional Directors.
- Q. Why is it changed to Guthrie & Pringle? A. I could not say.
- Q. In whose handwriting is the change made? A. Mine.
- Q. Take the next cheque No. 27, marked "Cancelled", is there any explanation at all of that, do you know anything about it, why is it marked "Cancelled"? A. I could not say.
- Q. You have no memory at all? A. I cannot recall.



- Q. You are the man in charge of that book, who did all the writing in it?  
A. Yes, most of it.
- Q. The next cheque is December 4th, \$10? A. Yes, sir.
- Q. And at the bottom, cheque 30 is also marked "Cancelled"; you can throw no light on it at the present time? A. I cannot recall why those things were done.
- Q. Perhaps before you go you will look at the cheques which are in and compare them with the book; I will perhaps speak to you about it later on; did you know C. H. Smith? A. Yes.
- Q. And do you know anything about the terms of the settlement with Smith?  
A. Nothing.
- Q. What had you to do with the matter? A. Nothing.
- Q. Nothing at all, not even carrying out instructions as to his payment?  
A. Well, I heard afterwards; I handed him money on only one occasion, and I heard afterwards there was a settlement of some sort, but at the time I knew nothing about it.
- Q. Tell us what money you handed him? A. I handed him \$1,800 in the Traders Bank, in the elevator in the Traders Bank.
- Q. On whose instructions? A. Mr. Travers.
- Q. What instructions did he give you? A. None, further than what I have said.
- Q. What were they? A. As I said to hand that to Mr. Smith.
- Q. You knew Mr. Smith? A. Yes.
- Q. And did you take the cheque and get the money? A. Yes.
- Q. You had taken the cheque and cashed it, had you? A. Yes.
- Q. Can you find it in the book; how long after Travers came back from Ottawa was it? A. I cannot say.
- Q. Is this the stub, on the 19th December? A. Yes, that is it.
- Q. That is \$1,800; is that the date you gave it to Smith? A. I gave it to Smith immediately upon cashing it; I could not swear to that.
- Q. Travers endorsed it and you drew the money? A. I drew the money.
- Q. Farmers Bank circulation I suppose? A. No, sir, there was no circulation at that time; the Farmers Bank was not opened; I went down to the Traders Bank and I got this money and I walked down from the Traders Bank into the elevator and I met Mr. Smith and I handed him the money.
- Q. What was the reason of handing the money instead of the cheque? A. I do not know.
- Q. Did Smith give you anything? A. He gave me nothing.
- Q. He did not return an I.O.U.? A. No; any more than he said he expected this.
- Q. You did not know what it was for? A. No.
- Q. What is the number of that cheque? A. 52.
- Q. Is that the cheque (Part of Exhibit 8)? A. Yes.
- Q. Endorsed by you? A. Yes.
- Q. How was that \$1,800 charged up, was it to Commission Account? A. I think so.
- Q. Yes, I see that is charged to Commission Account in the ledger; the only thing I want to ask you about this morning is certain cheques that were given to Mitchell; do you remember those cheques? A. Yes, Mitchell is a broker.
- Q. What cheques did you take over to him? A. I did not take over any cheques to him; I drew out some cheques to his order.
- Q. I suppose you cannot remember the amounts of those cheques? A. Not off hand, no.
- Q. Were they large cheques? A. Yes.
- Q. How many were there all told? A. Two I think, certainly not more than three.

## SESSIONAL PAPER No. 153a

Q. You drew them up and what did you do with them? A. I gave them to Mr. Travers.

Q. Did he instruct you as to why he wanted them? A. No, simply asked me to draw them.

Q. Is that all you had to do with it? A. Yes.

Q. Did you see corresponding cheques given back from Mitchell? A. No.

MR. HODGINS: That is all in the meantime.

MR. COMMISSIONER: Would these cheques go into your Cash Book? A. Yes.

MR. COMMISSIONER: You could probably turn up your Cash Book about McCorquodale; perhaps there will be some explanation of that; you may have paid him cash.

MR. HODGINS: You might look at the Cash Book and look at the cheques in the meantime.

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WILLIAM J. LINDSAY, Sworn, examined by--

MR. HODGINS: Q. You are described as a stock seller in the papers I have, would that be right? A. Yes, sir, at times.

Q. How long have you followed that occupation? A. Occasionally for the last ten years thereabouts.

Q. Previous to this had you been getting up insurance companies? A. No, sir.

Q. Subsequent to this? A. No, in a retail dry goods and travelling.

Q. Subsequent to getting up subscriptions for the Farmers Bank you had been in retail dry goods? A. I had promoted another company in the interval, sold stock for another previous to that.

Q. I am asking you if before you promoted the Farmers Bank you were getting up an insurance company? A. No, sir.

Q. Was that afterwards? A. No, sir.

Q. Never had anything to do with the promotion of an insurance company? A. No, sir.

Q. How long before you started with the Farmers Bank had you been selling stock? A. Possibly for three years.

MR. COMMISSIONER: I thought you said ten? A. Three years, and since the Farmers Bank would be just about ten.

MR. HODGINS: You have been a stock seller ever since you started three years before the Farmers Bank matter? A. Yes.

Q. You kept it up ever since? A. Yes.

Q. And of course you knew Travers? A. At the time, yes, I had known of him; I never met him until November prior to the time that he entered in the Bank; I had known of him.

Q. Can you give me the date and the year you are speaking of? A. November or December, 1905.

Q. You and he were boarding together? A. Yes, he came in from Winnipeg, he drifted in there.

Q. You were talking of your abilities as a stock seller? A. No.

Q. At all events you undertook to sell stock, did you? A. When?

Q. At the time when you met Mr. Travers? A. Not when I first met him; we had been in the boarding house for five or six months before anything was done.

Q. Would that bring you to the summer of 1906? A. No, some time in March or April, the beginning of April.

Q. Then at all events you made the arrangement you were going to get stock taken up for the Farmers Bank? A. Yes.

Q. The commissions you got all told amounted to over \$25,000 according to the books of the bank? A. No, sir, I did not.

Q. How much will you admit you got? A. That is altogether from the time that I started to sell until the time I quit?

Q. Yes; I said your commissions as found in the books of the banks amounted to somewhere around \$25,000? A. Somewhere around \$21,000 as near as I can recollect.

Q. That would be 10%? A. No, sir.

Q. On the par value of the subscription? A. No, sir.

Q. What would it be? A. Up to the time the bank was organized I do not think I cleared quite 3 1-2%.

Q. Who did you divide it up with? A. Travers.

Q. Did he get half of all the commissions? A. He got a good deal more than half; he had full control.

MR. COMMISSIONER: Half of this \$21,000? A. No, sir, altogether.

Q. He got half the commissions you earned? A. No, sir. Before the Bank was organized I was supposed to get half the commissions; after the organization I got 10%, \$10 per share on the stock sold at 125.

MR. HODGINS: Prior to the organization were you dividing up with anybody? A. Yes.

Q. Who? A. With Travers.

Q. After the organization were you dividing up? A. No, sir.

Q. Was there 10 per cent. prior to organization, so that you would get five and Travers five? A. He had a contract for 10 per cent.; he made a contract with me for 10 per cent., which he afterwards side-stepped, and said that was not the understanding.

Q. What was the arrangement, did you get 10 per cent. and divide half with Travers, was that the arrangement, according to your idea? A. No, I did not; I was only to get half.

Q. Of what? A. Of what he was getting after the expenses had been deducted.

Q. The expenses were your expenses, you mean? A. Yes, and he also put in his expenses.

Q. That is travelling and so on to get stock subscribed? A. Yes.

Q. When you say over \$21,000 is that what you got yourself? A. About that amount, as near as I can remember.

Q. And that amount you did not divide up with anybody, that was your share? A. A portion of that I had to divide with sub-agents again.

Q. But that was your own look-out? A. No, that was not my own look-out; that should have been deducted out of the whole; that should have been part of the expenses.

Q. That was your contention anyway; but what I want to get at is the \$21,000 was what you got personally and was not subject to division with Travers? A. No.

Q. Although you had to give some to your sub-agents? A. Yes, and my expenses were to be taken out of that \$21,000; and they were very heavy.

Q. How much would that amount to? A. My expenses, I don't know; the first trip I went to England it cost me probably between \$1,000 and \$1,500, and the second trip—

Q. Have you ever made up what your expenses were? A. My expenses were around \$5,000.

Q. Did you ever make them up? A. It was made up in the suit that is now pending—

## SESSIONAL PAPER No. 153a

Q. Of Lindsay v. Farmers Bank and W. R. Travers?

MR. COMMISSIONER: Your expenses were about \$5,000? A. Between \$4,000 and \$5,000.

Q. Without the sub-agents? A. Yes.

MR. HODGINS: You don't mean you paid out four or five thousand dollars apart from what you paid your sub-agents? A. You cannot go to England and spend six months there—

Q. If you say so? A. As far as I can remember.

Q. You say you spent \$5,000 apart from what you paid your sub-agents? A. Somewhere around those figures.

Q. Have you any way in which you can verify that? A. In the brief I presume it is there still.

Q. That is in the brief in the Lindsay suit against the Farmers Bank? A. Yes.

Q. And that was made up from something you supplied? A. Yes. I do not know whether that is on file in the solicitor's office or not.

Q. You will get that? A. I will try to.

Q. You were out selling stock from about March, 1906, till the close of 1906 on down to the organization? A. Yes.

Q. And bringing in the subscriptions? A. The greater part of the time.

Q. Travelling all over? A. Yes.

Q. And of course you know there was a great deal of dissatisfaction with a great many of your subscriptions? A. Yes, after the Ontario Bank failed.

Q. You give us that date, that is the first objection to your subscriptions? A. Largely so, as far as I was concerned, yes.

Q. Had you been successful towards, say October, 1906, in getting the full amount of the Bank's capital? A. In September the 15th or the 18th, according to Mr. Travers' statement there was \$485,000 subscribed.

Q. That was a letter from him? A. Yes.

Q. And that gives us a pretty good date to start from? A. That is only speaking from memory as to date.

Q. Have you looked up your letters recently? A. Not since last November.

Q. You have a pretty good memory? A. It was fairly well impressed on my memory at that time.

Q. That is his letter to you (letter of the 24th September)? A. Yes, \$489,000.

Letter 24th September from W. R. Travers to W. J. Lindsay filed as EXHIBIT 22.

Q. So that on the 24th September there was registered and allotted stock to the amount of \$489,500, and "there is only \$10,500 that we can now sell at par so if any of your friends out there would like to obtain a few shares of the stock they will have to do so quickly. We are making a great effort to put up our Government deposit next week and a little generosity on the part of our subscribers will enable us to do so. If you can induce some of the people out there to pay up to the extent of fifteen to twenty thousand dollars I will guaranteed that the Government deposit will be made next week and we will have an office of the Farmers Bank open and doing business in Milton thirty days thereafter." He speaks of your friends out there, are you a County of Halton man? A. I was working out there at that time.

Q. That does not answer the question? A. That is as far as I was associated out there, the work I had done out there.

Q. Your friends there, who was he alluding to? A. I had made a great many friends out there.

Q. Selling stock? A. Yes; I had as much as five and six and seven of them at the foot of the stairs before eight o'clock in the morning; before I was out of bed in the morning waiting to subscribe for stock.

Q. Waiting to subscribe for stock? A. There was one morning I took \$15,500 before I had breakfast.

Q. What time did you breakfast that morning? A. About 10.30.

Q. I thought a stock seller had much more difficulty? A. After the second week the smallest week I had was \$18,000 or \$20,000.

Q. What time was that? A. It was May, June and July.

Q. In September they were cooling off a bit? A. Yes.

Q. You were breakfasting earlier then. In consequence of that letter what did you do? A. I was selling stock and getting the subscriptions.

Q. You kept on selling stock and getting subscriptions? A. Yes.

Q. How many did you get between that date and the 22nd October? A. I could not say.

Q. Where will we find that, in the books of the Bank? A. I don't know.

Q. Did you hand in the subscriptions on printed form? A. Yes.

Q. And you always initialled them? A. No.

Q. Did you keep a list? A. No.

Q. How would you know what you were to get commission on? A. That would be an easy matter in the Bank.

Q. Explain how if you did not keep a list, how would you expect to find out what your commission amounted to? A. The books of the Bank would show.

Q. We have to look at the books of the Bank to see? A. Yes.

Q. Is that your sole record? A. Yes.

Q. You were pretty familiar with these subscriptions? A. No, I am not any further than when I obtained them and handed them in, I do not think I ever had the opportunity of seeing them scarcely.

Q. You were familiar with the terms on which all your subscriptions were made? A. Oh, yes.

Q. And the representations made to the people? A. Yes.

Q. You had occasion some time later to examine the list of subscribers, had you not? A. No, sir.

Q. Or the list of stockholders, which was it? A. You mean when the suit was pending?

Q. I don't mean to give you any date at all. I want to know if you can remember that you ever did examine the list of shareholders? A. No.

Q. Just look at this letter, it is a copy of a letter, perhaps you will say that is a copy of one of your letters to Mr. Travers, November 13th, 1907. A. Yes. Letter November 13th, 1907, filed as EXHIBIT 23.

Q. It says: "Dear Mr. Travers: I find on looking over Bank blue book that you have included therein several names that are not or should not be on the list as shareholders. Is this not a most serious violation? You have to sign such I would say as being correct, it looks and listens like as though you were taking a chance. Pardon me for making any reference to this, as you can rightly say it is none of my business; so therefore I apologize. Yours truly, W. J. Lindsay." That is your letter; what was the Bank blue book you looked at? A. Published by the Government.

Q. Up to what time would that show the list of shareholders? A. I do not remember just up to what time.

Q. Would it not be the 31st December, 1906? A. I presume it would.

Q. Who were the shareholders you alluded to in that letter?

MR. COMMISSIONER: You had better get that Blue Book.

MR. HODGINS: To what subscribers did you refer when you said he was taking a chance? A. There were two subscriptions over in Flint, Michigan, that were only conditional subscriptions.

Q. Give me their names? A. Matthew Davidson and Flint P. Smith.

Q. Amounting to how much? A. \$5,000 each.

## SESSIONAL PAPER No. 153a

Q. You say those were the ones you referred to? A. Those were the ones, yes.

Q. The only ones? A. I don't remember; I think there is a possibility that those were the only ones that I remember; those are two that I knew were conditional.

Q. You do not say so in the letter? A. No.

Q. "Several names," you say? A. Yes.

Q. That would mean more than two? A. Yes, it might; several might be two and might be more.

Q. Which did it mean? A. I was only speaking in a general way there.

Q. What does it mean? A. I could not say.

Q. "Is this not a most serious violation," can you tell me what led you to use that expression? A. I understood in furnishing a list of names to the Government that a man had to make an affidavit to it, and he was sworn to it, that was all.

Q. What was the occasion of your writing this letter to him? A. He had said something about these two names, and I looked it up and I found they were—well I don't know exactly what brought it about. I did not know that I had it; I did not remember having written that letter until I was going through my files last year.

Q. This was produced at your trial? A. Yes.

Q. You knew all about it from then on? A. Yes, I did not know until Mat Cameron had uncovered it in my papers.

Q. You throw no light on this deal except as to the two names? A. Those are the two I remember of.

Q. What happened after that letter telling him he took a chance, what arrangement did you make with Mr. Travers? A. I do not remember of anything ever having been said about it.

Q. He never replied? A. I never got a reply scarcely from him.

Q. How long did you continue selling stock after that? A. For two months or three months.

Q. And you made no new arrangement in consequence of that letter? A. As far as that was concerned it was past and gone.

Q. You made no new arrangement subsequent to November 13th, 1907? A. No. That may have come out—I don't know what was the cause of it.

Q. Look at this letter dated the year before, December 7th, 1906, did you get that letter from Travers? A. Yes.

Letter December 7th, 1906, from Travers to Lindsay filed as EXHIBIT 24.

Q. In that letter of December 7th, 1906, he says: "At a meeting of the Board of Directors of this Bank held on the 26th November last a resolution was passed placing the balance of the stock of this Bank up to a million dollars in your hands for sale at a premium of 25%. It was understood, of course, that a certain amount of stock now on our books which has to be replaced could be done so by you at par. You are to be allowed \$10 per share for selling it payable on payment of the 25% premium." What stock was that? A. I don't know.

Q. He says it was understood that a certain amount of stock now on our books which has to be replaced could be done so by you at par? A. That was not understood by me.

Q. Did you act under this letter? A. Yes, but I did not sell any at par.

Q. Did you act under this letter? A. Yes, but I say I sold no stock at par.

Q. You sold no stock at par after that, after December 7th? A. No.

Q. The books won't show that? A. I don't think so; there were ten shares that I took a subscription for in Strathroy, if I remember correctly, which never was filed for some reason or other, I don't know what the cause of it was.

Q. What was the name of the man? A. Bulley or Wolley, I don't remember.

Q. You did not understand that reference in the letter to the stock which had to be replaced? A. I never paid any attention to it, never took it up with him.

Q. You never enquired what it meant? A. No, and I never sold any stock at par.

Q. Why did not you enquire when he said it had to be replaced, why did not you find out what he meant? A. That letter I got it and I lost it, it was misplaced until the fall of 1908 or 1909.

Q. Your statement is that you did not understand or that you did not speak to him about it, and that you did not act on it? A. Selling stock at par, no.

Q. Replacing certain other stock? A. No.

Q. Had it any reference to certain shares, what we may call Mr. Laidlaw's subscriptions? A. That I do not know.

Q. Perhaps you took care not to enquire? A. I never made any enquiry.

Q. Had it any connection with the letter that you wrote a year afterwards, on November 13th, saying you had seen it in the Blue Book? A. I could not say.

Q. Is that the best answer you can make? A. Yes; I had no recollection of what really brought about the writing of that letter until, as I tell you, some time in 1908 when it was resurrected out of my papers.

Q. You mean you found out since what was the cause of it? A. No, I found the copy of the letter.

Q. You do not suppose Travers would write to you to replace stock which you had not had subscribed; the letter looks to me as if it was some of your own stock, some stock for which you had obtained subscriptions that was being replaced? A. In that letter it may possibly have been in connection with my subscription of \$50,000 of stock which I subscribed for, as I had one man who afterwards became a Director and who was going to take \$30,000 or \$40,000, and I said I would endeavor to retain that for him so that he could get it at par; he had not made his financial arrangements whereby he could finance \$30,000 or \$40,000, but he said he would take it and become a Director of the Bank as soon as he could straighten himself away.

Q. Who was that man? A. Mr. Menzie.

Q. You naturally must have understood that letter? A. Unless it was referring to that.

Q. I don't want you to guess at it? A. I am not guessing, and I am not saying the actual facts; I may have read it over and passed it up with that in my mind, because I never saw the letter again until away along in 1908.

Q. Are you saying now that that is what that letter refers to? A. I could not say.

Q. This appears to be the Blue Book; will you look at that list and tell us what names you noticed in it? A. This is not the Blue Book; is there not another Blue Book than this?

Q. You know when the Bank was organized? A. Yes, 1906.

Q. Do you find those, what are called the Laidlaw Shareholders on that list? A. There is one there.

Q. That is Smith, of Flint, you are referring to? A. Yes. You want to know now if I find the Laidlaw ones?

Q. Yes? A. I don't remember the names.

MR. COMMISSIONER: They do not appear to be here, and I think one of the witnesses said they were not in this.

MR. HODGINS: You do not find what we know as the Laidlaw Shareholders there? A. No, the Flint people are there.

Q. It could not be in reference to the Laidlaw Shareholders? A. No; apparently the Flint people.

Q. Those had been got out of the way before that? A. I could not say.

Q. Did you know anything about them? A. No, sir.

Q. You did not know anything that had been done with it? A. No, sir.

Q. You spoke of that letter possibly having reference to Mr. Menzie's subscription? A. To my own subscription.

SESSIONAL PAPER No. 153a

Q. You were giving an account of your own subscription? A. Yes.

Q. How much was Menzie going to take up? A. He was going to take up thirty or forty thousand dollars; he afterwards took up forty thousand dollars and paid for it in full.

Q. Who was Menzie? A. A gentleman who resides here in the city.

Q. What was his business at that time? A. The Menzie Wall Paper Company.

Q. He failed disastrously shortly afterwards, did not he? A. I could not say.

Q. This, I suppose, is your subscription? A. Yes, 500 shares.

W. J. Lindsay's subscription for 500 shares filed as EXHIBIT 25.

Q. You do not pretend you were able to pay that stock up in full? A. If everything had gone along all right, but I did not take it with the object of paying it up in full; I took it with the object that Mr. Menzie assured me he would come in for thirty or forty thousand, and out of my commissions I could quite easily afford to handle the whole ten or fifteen thousand myself.

Q. You know the date of it? A. Yes, I see when it is dated there.

Q. When was it signed? A. It was signed about September or first October when I made arrangements with Mr. Travers, and he said he would endeavor to hold it in that way for me.

Q. Signed when do you say? A. About the end of September.

Q. Then this subscription was put in at a time when you knew only \$10,000 was needed in subscriptions? A. It was after that had been obtained. I was out in Milton and I made up my mind that the amount had been secured and it was after the \$500,000 had been subscribed, I felt there was about \$500,000 subscribed, but it was subsequent to that letter, and having had an interview with Mr. Menzie—

Q. Is Mr. Menzie here now? A. I could not say.

Q. You don't know where he is? A. He is in the city quite frequently.

Q. You say that at the time you made the subscription \$10,000 had been subscribed? A. That was my recollection.

Q. And that you signed this towards the end of September? A. Yes.

Q. Why was it dated the 22nd October? A. It was not dated at the time.

Q. Whose writing is the date in? A. It is not mine.

Q. Whose is it? A. W. R. Travers.

Q. Why did not you date it, you were a stock seller and taking subscriptions every day in the week, why did not you put the date in? A. Because I was not sure whether they would let me have it or not.

Q. You did not know whether it was going to be used or not? A. I did not know whether I was going to get it or not at par.

Q. You did not know whether they were going to need it? A. It was not that at all, it was for the object that I have just stated, that I signed for it, and that Mr. Menzie, as I stated before, took the \$40,000 and it was not transferred.

Q. Did you ever pay that up, or was not that subscription cancelled? A. It was afterwards cancelled. I tried to have it transferred at various stages when I was selling stock, when I discovered it had not been transferred to Mr. Menzie, and I endeavored to have a portion of it transferred from time to time and Mr. Travers would not permit it.

MR. COMMISSIONER: Transferred to whom? A. To various subscribers that I was placing the stock with.

MR. HODGINS: Did you ever transfer it to Menzie? A. No.

Q. That was the man that you had in view when you took it? A. Yes.

Q. Do you remember when it was cancelled, how soon it was cancelled? A. It was cancelled when he would not allow me—I got a letter from him, I do not know where that letter is, you will probably have a copy of it in the bank—I was down north of Brockville selling stock, and I had sold. I have forgotten two or



three or four thousand dollars worth and I wanted to commence to transfer it then, and he said no, that the directors would not permit it. I think it was 1908. I had a letter from London where they wanted to take the balance of the stock, and I got a letter from Mr. Travers—

Q. I do not want the letters unless I see them. I would like to see them?

A. You will have them in the bank; I may be able to dig them up.

Q. You had subscribed for fifty shares as well? A. Yes.

MR. COMMISSIONER: They were cancelled on the 18th March, 1908, according to this book (EXHIBIT 18).

MR. HODGINS: That is your subscription for 50 shares? A. Yes, sir.

Subscription of W. J. Lindsay for 50 shares filed as EXHIBIT 26.

Q. Did you put the date on that? A. No, sir.

Q. Who did? A. Mr. Travers.

Q. Who signed your name to that subscription? A. I guess I did.

Q. And put nothing else there? A. I filled the fifty and I signed W. J. Lindsay and William John Lindsay.

Q. In taking subscriptions did you always leave the date out? A. Not as a rule.

Q. Always put it in? A. Yes.

Q. Very important is it not? A. I do not know just what importance is attached to it.

Q. That makes 550 shares all told? A. Yes.

Q. That is \$55,000? A. Yes.

Q. The record is that 440 out of that were cancelled? A. Yes.

Q. Is that right? A. I was not there when it was cancelled I could not say. I got a letter and I am not just sure of the figures, but I think it was 440 or 445.

Q. They could not have collected \$44,500 from you? A. If everything had gone along smooth in the bank they could; if I could have sold the last four or five hundred thousand as easily as I sold the first three or four hundred thousand there would not have been any trouble.

Q. Cancelled 18th March, 1908; you had had a year to sell stock? A. Things had not gone along; there were two banks had gone by default, and it had changed the color of the investment of a bank security.

Q. So that in March, 1908, they could not have collected that money from you? A. No.

Q. You transferred the balance to Mr. Travers? A. I think there was fifty shares transferred, I would not be sure of the number.

Q. Just a little prior to the suspension? A. Oh, no, surely not.

Q. It was within sixty days after? A. Oh, no.

Q. Yes, I see it is prior to the sixty days; it was about the 18th March? A. That was signed in blank; I don't know just when it was.

Q. Did you pay anything upon the 550 shares? A. That was discussed and afterwards Mr. Travers stated there was \$9,150 credited up to my account out of commissions.

Q. Did you pay anything on these shares? A. Only in that way.

Q. The statement of Mr. Travers that there was so much credited on them —? A. Out of my commission due me.

Q. Have you found out since that is not the case? A. No.

Q. And that there was nothing ever paid upon those shares? A. I have not had an opportunity to find out.

Q. Not inquired from the liquidator? A. The liquidator gave me notice, the \$9,150 that we discovered, that is in the examination in my case against Mr. Travers and the bank.

Q. The liquidator put you on the list for 550? A. Yes.

## SESSIONAL PAPER No. 153a

Q. And showed no payments? A. He showed no payments but \$500 on the five shares.

MR. COMMISSIONER: Apparently disregarding this transfer.

MR. HODGINS: Yes, the liquidator disregards this as being a proper cancellation.

MR. COMMISSIONER. The transfer, 50 shares.

MR. HODGINS: 100 shares? A. I could not say how much.

Q. The record is two transfers of fifty shares each? A. I could not say what it was.

Q. What did you sign? A. He asked me to sign the transfer, he wanted some of it for some purpose.

Q. Travers never made any attempt, and the bank never made any attempt to make you pay up on those shares? A. No, sir, but I tried to have them transferred.

Q. Was there an understanding on which you were to take out and get other people to replace? A. There was no understanding.

Q. I thought that was the understanding you communicated to Travers? A. There was no understanding. I said I wanted \$50,000 worth of stock at par, that I had some friends that were coming in and I wanted to be able, and I had promised to give it to them at par when they were ready.

Q. I would have thought that was communicating with Travers? A. The way you asked the question I thought it quite different.

Q. Then there was no understanding that that should be done? A. I made the request what I wanted it for.

Q. And did Travers assent to that? A. I signed it and he said he would try and put it through with the provisional Board.

Q. He assented to it conditionally on it being put through? A. He said he would try.

Q. He understood thoroughly what your idea was? A. Yes.

Q. And that was the time it was handed to him? A. Yes.

Q. And he had the privilege of using it later had he? A. I did not attach any privileges to it.

Q. When did you learn whether your condition had been accepted or not? A. I do not know just when.

Q. Did you learn any dealing had taken place with the stock any time in October? A. I do not know just when.

Q. You do not know? A. No, I know that it was arranged that it should be given to me at par, I know that.

Q. Between the 24th September and the end of September when you say you signed that had you had \$10,500 of stock taken up? A. I could not say.

Q. You said you understood it had been taken up, who did you understand that from? A. I think I came in and Mr. Travers said whatever it was made five hundred odd thousand dollars, five hundred and eight thousand dollars or something.

Q. You came in from where? A. From being out in the field securing stock.

Q. You came in towards the end of September? A. I do not know just when.

Q. The end of September, 1906, and he told you then that had been taken up so that the list was complete in your idea? A. Yes.

Q. Did you know anything about the application for the certificate; did you attend the organization meeting as a shareholder? A. Yes, I was there.

Q. November 26th that was? A. Yes.

Q. You attended that meeting? A. Yes, I was there.

Q. You heard the report of the provisional directors read I suppose? A. Yes.

Q. You knew the election of directors took place? A. Yes.

Q. You remember the amount of the stock taken up was read out then?  
A. I presume it would be possible.

Q. Did you realize the amount; you knew the \$500,000 had to be reached and you tell me it had been reached before you gave this subscription for the later shares, 500 shares? A. I know it was either completed or about completed.

Q. If it was read out at about \$572,000 you would know your shares were included? A. I think they had arranged I should have it.

Q. You knew they had been included? A. Yes, before that.

Q. You knew before that that it had gone through? A. Yes.

Q. You were considerably interested in the certificate being granted, were you not? A. I don't know where the interest was—it was none of my business.

Q. Why not? A. Why?

Q. Where were you going to get your commissions if the bank never opened for business? A. I suppose I considered a man does business that his commissions are due and payable as soon as he has done his part.

Q. Did not you sue the Farmers Bank for these commissions? A. I did later.

Q. Your idea all along was that the Farmers Bank should be responsible to you as soon as they opened for business? A. Yes.

Q. You have so alleged? A. I have so alleged that Mr. Travers and the bank are responsible.

Q. You knew at that time your getting commissions depended upon the bank going into operation? A. No, I considered after I did my business whether the bank had gone or not gone into business I was entitled to my commission; I had not taken any advice on it, that is the usual agent's consideration.

Q. Who had you agreed with? A. I had an agreement I was to get so much commission with Mr. Travers.

Q. Had not you agreed you were to get so much commission with some one?  
A. Yes.

Q. Who was that some one? A. Travers.

Q. You had no claim against the bank? A. Not up to that time.

Q. And did not care whether it went into operation? A. I was quite anxious to see it go into business; I had done my part.

Q. You did take a part in helping the certificate through? A. No, sir.

Q. Are you the one who got these Laidlaw subscriptions taken out? A. Yes.

Q. If it is the case you did not take any interest in getting the certificate why did you start round and get these subscriptions out of the way? A. Just the same as Mr. Watson came in to do his part.

Q. Who is Mr. Watson? A. Watson, Smoke Smith, and I put in a bill for \$1,000 for the work I did. I understood he had got \$1,000.

Q. That is Mr. George H. Watson came in? A. I expected to get pay; when I was first called in I demurred and said I would not do anything of the kind.

Q. Did you meet with Mr. Hunter, Mr. Travers and Mr. Warren? A. I did, about 8 o'clock one evening.

Q. Had you been served with a writ at that time? A. No, sir.

Q. Had any one of the four been served with a writ? A. I don't think I was ever served.

Q. Don't you? A. No.

Q. You were a party? A. He said I was.

Q. You knew that the proceeding prevented the issue of the certificate? A. That is what I understood.

Q. That would completely put the thing out of business? A. It is different.

Q. At all events you knew the end of the bank was in sight, that was the object of the suit? A. Yes, if they got a winding-up order.

## SESSIONAL PAPER No. 153a

Q. This took place at 8 o'clock at night? A. Yes.

Q. Who told you the winding-up order was being asked for? A. An injunction and winding-up order.

Q. Who told you that? A. I forget, it was discussed.

Q. Mr. Hunter? A. It was discussed among the four of us, Mr. Watson, Mr. Hunter, Mr. Warren and Mr. Travers.

Q. Was George H. Watson there? A. We met at the Dominion Permanent and went right down to Mr. Watson's office; they had an appointment with him that night.

Q. Before that interview you four, Warren, Hunter, yourself and Travers had had an interview, is that right? A. They were practically concurrent. We walked from the Dominion Permanent office I think down to the other.

Q. That was the connecting link, you had had the interview at the Dominion Permanent before? A. It was only just a matter of calling to meet Mr. Warren there to go to see Mr. Watson.

Q. That is probably quite correct, but I want to find out if there was a meeting, and did it take place in the Dominion Permanent, and did you discuss the matter? A. It was discussed, it was put up to me: Would I do so-and-so, and go out and take them out, and I at first refused, I demurred, and said I would not, they were good and legitimate subscriptions. So then they went on to thrash the matter out and they said it was the only way, that is to take Mr. Laidlaw out and leave him completely—

Q. Are you mixing up the two interviews? A. Oh, no.

Q. I am trying to confine you to the one before you went down to Mr. Watson's office for the moment? A. No, I am telling you what happened.

Q. What happened before you went to Mr. Watson's? A. Yes, in a general way as I remember it.

Q. In this writ these people charged fraud and misrepresentation in getting their subscriptions? A. One-half of the people that are included there had not given instructions to Mr. Laidlaw at all when I went out to see them.

Q. That is not the point? A. How could they allege fraud when they had not instructed him.

Q. You admit there were some who had instructed Mr. Laidlaw? A. There were some.

Q. And did those allege fraud and misrepresentation? A. I don't know; there was no fraud and misrepresentation as far as I was concerned.

Q. Did they allege it? A. I don't know whether they alleged it or Mr. Laidlaw alleged it.

Q. You say at that interview that night that nobody said they are alleging fraud and misrepresentation and these are your subscriptions? A. Yes. I said they were good and valid, every one of them, and I demurred at first and refused to go.

Q. You knew the charge was made against you in connection with these subscriptions, that they were obtained by fraud? A. Yes.

Q. Did you know that they alleged that quite a number of gentlemen—Major Beattie for instance—that these parties were alleging that he had never promised to be a director, and that his name was on your prospectus? A. Yes.

Q. Did you know that that was involved in it? A. That was not true.

Q. Major Beattie says it was true? A. That is not true, I have a letter.

MR. COMMISSIONER: You can put that in later.

MR. HODGINS: Did you discuss the fact that the subscriptions had been changed in amount, that this was charged in the writ? A. Yes; I refuted that.

Q. You denied everything that was charged? A. Yes. I might say I think Mr. Laidlaw's apology on that matter can be—

Q. I only want to get at what occurred at the meeting, and if you want to make a general statement now that you denied all the charges there is no objection

to your making it, but I want to get at what was the matter of discussion that night: "An injunction to restrain the Bank, and so on, from using, drawing upon and paying or transferring any money, notes, or other obligations received from the Plaintiffs. An injunction to restrain the Bank, the Provisional Directors, the General Manager and their officers, servants or agents from publication of a notice to call the meeting of the alleged subscribers of the shares of the capital stock, from making application to the Treasury Board for a certificate under section 14 and 15 of the Bank Act. The appointment of a Receiver; and an order for administration"—you knew that A. I did not go into the details.

Q. You knew sufficiently of it? A. They told me what the affidavit consisted of and I said I would not have anything to do with it.

Q. They urged it was up to you to get rid of this? A. They urged that was the proper way out of it and asked me if I could do it; I said I could do it.

Q. They based it upon the ground that you had been the one who had got the subscriptions? A. Yes, and that I could go and take them up and take them out.

Q. Then you walked down to Mr. Watson's office? A. Yes.

Q. And had a conference with him at which the others were present? A. No, they had a conference; I sat to the one side and let them do the conference.

Q. You were down there? A. Yes.

Q. Did you sulk in a corner? A. No. I sat outside, I was not paying any attention; I was listening to it.

Q. It was none of your business? A. It was none of my funeral.

Q. When did you go out to Milton? A. I went out in the early part of the week.

Q. I would like to get the date if I could?

MR. COMMISSIONER: What date was this? A. I do not remember.

MR. HODGINS: Can you give me the day of the week? A. I think it was Monday or Tuesday probably subsequent to that.

MR. COMMISSIONER: You went out? A. Yes, either Monday evening or Tuesday evening.

MR. HODGINS: Then what evening in the week was it you had this meeting? A. I could not say.

Q. Was it Saturday? It is just possible that it was.

Q. You went out very soon afterwards? A. Yes; I returned on the following Saturday morning of the week I went out.

Q. It took you how long out there? A. I had only two drives, two days' drives.

Q. This writ is dated 22nd October? A. What day?

Q. I could not tell you the day of the week; and the order dismissing the action was on the 27th, that would be just five days? A. It would be longer than that.

Q. You say you only had two drives? A. Yes, three drives.

Q. Did you get the documents signed the day they bear date? A. That I could not say.

Q. Did you get these documents? A. I did.

Q. After sitting in the corner and saying nothing that evening you were the one who went out and did the work? A. Yes.

Q. Did you take any one with you? A. No.

Q. Who is Mr. Dewar? A. He is a resident of Milton.

Q. He is not there now I understand? A. No, and in fact he took his own horse the first day that we went out.

Q. Did you go out in the day time or night time? A. In the day time.

Q. And you had three drives and got these documents which I am going to put in signed? A. Yes.

## SESSIONAL PAPER No. 153a

Q. They had been prepared for you? A. They were prepared here before I went out.

Q. In Mr. Watson's office? A. I think so.

Q. Where did you get them? A. I think I got that in Mr. Watson's office.

Q. Did you agree that night to go out and get them? A. Yes, I said I would go out and try.

Q. You made no bargain that you were to be paid for it? A. All I said was, I said, "I will go out and try and do anything as long as I get paid for it."

Q. You say you made that statement in Mr. Watson's presence? A. I think so.

Q. I would like to know? A. I do not know whether it was in Mr. Watson's presence or whose.

MR. COMMISSIONER: You are not examining him for discovery in this suit.

MR. HODGINS: He has no suit against Mr. Watson.

MR. COMMISSIONER: He has a claim against the Farmers Bank, I think?

MR. HODGINS: I don't care whether he has one against the Farmers Bank or not; I only want to know the conditions on which he went out and whether he told them to anybody? A. I went out expecting to get paid for my work.

Q. I want to know what you said to these people; are you able to say you made that statement at all to any of these people that night? A. I made the statement to some of them; whether it was in the room or where and I put in my bill afterwards.

Q. Give me the names of the people you think you said it in front of or to?

A. It was in the office.

Q. What office? A. It may have been in the Dominion Permanent that I said "Well, I can try and do anything as long as I get paid for it."

Q. It may be in the Dominion Permanent? A. It may have been, but I went out with the impression that I was going to get paid for my work.

Q. You are not clear really that you said it at all? A. I must certainly have said it, that is my recollection of it.

Q. Are these the documents that you got? A. Yes.

The assignment referred to procured by Mr. Lindsay filed as EXHIBIT 27.

Q. They all bear same date? A. Yes.

Q. Were they got on three different days? A. They were got on two or three days.

Q. On two or three different days? A. Won't be positive about whether they were two or three days or how; I only had three drives.

Q. On three different days? A. I would not be sure of that; I wound up at 11.30 o'clock at George Denoon's house, I remember that—I went away in the morning at six o'clock and went out towards the foot of the mountain, towards Hamilton way and I came back and went the other way and came into town and got another team of horses. If you will write to Anderson I think he will verify I had three different horses from him that day; it may have been all the same day. I was out there three days.

Q. That is the first day you went out? A. No, I was out there two or three days just lying around expecting to find some of them in the town.

Q. What had happened? A. I was waiting to find some of them in the town.

Q. In Milton? A. Yes.

Q. Not finding any of them you got them all put through in the one day, starting at six o'clock in the morning and ending at 11.30 at night? A. Yes.

Q. And that was the 26th? A. Yes, I think that is right; I would not be absolutely clear on that.

Q. What money did you take with you? A. I did not take any money with me; I took a cheque book with me, took a few cheques.

Q. On what bank? A. Bank of Montreal.  
 Q. Did you sign cheques out of that cheque book? A. Yes.  
 Q. In whose name, whose account were you signing on? A. On my own.  
 Q. Had you at that time got any money? A. I had some money.  
 Q. Who from? A. And Mr. Travers was to deposit between twenty and twenty-five hundred dollars, I have forgotten the amount he was to deposit, to my credit.

Q. Then these payments were made out of your own individual money? A. No, he deposited there; he assured me it would be deposited there the day I went out, which it was.

Q. You cannot fix that date, was it two or three days before the 26th that these bear date; the papers bear date the 26th October, was it two days or three days before that that you had gone out; you said you laid around for two days? A. I think you will find the 26th was on Friday.

Q. If you laid about two days and then got an assignment on the 26th it would mean you went out on the 23rd, would not it? A. I went down in the early part of the week, I do not know just what date.

MR. COMMISSIONER: I think he said he went Monday or Tuesday? A. Either Monday night or Tuesday night.

MR. HODGINS: Mr. Travers did not get that loan till afterwards, till after you had made those payments? A. I do not know that.

Q. What was the arrangement between you when you went out? A. There was no arrangement whatever further than he was to deposit that amount to my credit in the Bank of Montreal.

Q. And in the meantime till that was deposited you were to pay it out of your own funds? A. No, he assured me it would be placed to the credit of my account, to go ahead.

Q. When was it to go to your account? A. Practically the next day.

Q. Why was it to be paid out, if that be the case, out of your account? A. I do not know what amount would be required, whether it would all be required or anything, and I went out there.

Q. Why was your Bank account to be used as the medium? A. He was to give me the money and I said I would not take it with me; he was going to give me the cash and I said: "No, I won't take it; deposit it to my account, I am not going to go out and carry two or three thousand dollars in my clothes, it is not business". He said: "Maybe they won't take it unless you have the cash". I said "If they won't take the cheque they can stay in".

Q. Do you know what date the money was deposited in your account? A. No.

Q. When did you arrive in Toronto with the documents which have been put in? A. Somewhere about 8.30 or 8.45.

Q. I understood you were out till half past eleven that evening, the 26th? A. The morning and evening are different.

Q. The next morning you got back? A. Yes, Saturday morning between 8.30 and 9; I think it was 8.45 the train was due.

Q. Was W. A. Dixon one of those you settled with? A. He was.

Q. Look at that letter, tell me if you know anything about the fact that those letters were sent to the various parties? A. No, sir, I do not.

Q. You cannot identify that? A. No, sir.

Q. Do you know that the action was dismissed by Mr. Justice Anglin the day you arrived here with those papers? A. I do not remember exactly; I remember I was told that case had been traversed over or something, I don't know what it was, I could not say.

Q. You knew the thing was in a hurry? A. I knew the thing was in a hurry! That is a strange way to put it.

## SESSIONAL PAPER No. 153a

Q. Did you go straight to Mr. Watson's office? A. I went to Mr. Watson's office and I went home to breakfast; I handed them in.

Q. Handed them in before breakfast? A. I don't know that Mr. Watson was in the office.

Q. You cannot say whether you heard it was dismissed the same day? A. No, I do not just remember.

Q. You do not know anything about a subsequent letter which was written to those that had been settled with; were you buying those shares yourself? A. A. No, sir, I was taking a transfer of them, an assignment of them I think it was.

Q. For whose benefit? A. Mr. Travers was to look after them; I did not go into the details of it.

Q. For whose benefit, I did not ask for details? A. I do not know for whose benefit.

Q. Who would benefit by it, who did you understand was benefiting by getting rid of this suit? A. It would be the Farmers Bank.

Q. When you took those assignments in your own name it was not your idea that you were in any way becoming a shareholder? A. They were to be transferred.

Q. To whom? A. That was for Mr. Travers to deal with.

Q. You did some transfers in the book yourself though? A. If my memory serves me right, and it is very hazy, I think I did sign something to take care of these.

Q. At whose request? A. Mr. Travers.

Q. Who wrote out the transfers? A. I could not say, I do not think it was filled in at the time.

Q. Did you afterwards sell these shares to anybody? A. Not to my knowledge. As I said before I think I had not sold anything only ten shares, and that was not delivered at less than 125 to my knowledge.

Q. Did you have any conversation with Travers; you had handed the papers in to Mr. Watson's office, did you see Travers that day? A. I presume I did.

Q. And told him what had occurred and what you had done with the papers? A. Very likely.

Q. How did he express himself? A. As entirely satisfied I presume.

Q. That seemed to remove any difficulty about getting the certificate out? A. I don't know.

Q. Did Mr. Travers say anything to you about the importance of time in getting this matter straightened up? A. Mr. Watson asked me whatever I did to come in, get it done during the week.

Q. Did Travers say anything to you as to the importance of time in the matter? A. It was discussed amongst them that is all; I do not remember just what was said.

Q. Was the reason given to you? A. I have no idea; that is going back five or six years.

Q. When the certificate was issued you learned of it pretty soon, didn't you? A. I don't know that I learned very soon, I think I saw it in the paper.

Q. Did you get paid a large sum immediately after the certificate was issued? A. It depends on what you call a large sum.

Q. It would be a large sum to me, \$10,000? A. No.

Q. You were not paid that? A. No, sir.

Q. Who got it? A. I got \$5,000 of it; there was a cheque issued for \$10,000, of which I got the proceeds of \$5,000, which I deposited in the Traders Bank.

Q. Is that cheque right, your signature? A. The face of it is there.

Q. And it is endorsed by you? A. Yes.

Q. And you drew the money on it, drew the \$10,000? A. I deposited \$5,000 to my credit and the other \$5,000 I handed over to W. R. Travers.



Q. Why? A. As his portion of that cheque.

Cheque dated December 6th, 1909, for \$10,000 on Farmers Bank account in the Traders Bank, payable to W. J. Lindsay, filed as EXHIBIT 28.

Q. Is that what he was entitled to? A. Yes.

Q. Why were not the expenses deducted that you had been to up to that time? A. That was a matter of adjustment; there was very much more than that coming and anything I did as regards commission I wanted to make it plain—

Q. You knew where that money came from? A. I knew it came out of the Traders Bank.

Q. You knew the Bank had not started operations yet and that all it had was the money paid in on subscriptions? A. That cheque is dated 6th December, 1906; what date was the organization meeting?

Q. 26th November, the certificate issued on the 30th? A. I see "The Farmers Bank, W. R. Travers, General Manager". It must have started operations.

Q. No, it did not open for business till the 2nd January, 1907? A. I think you will find they were doing business right along.

Q. I don't think I will find it at all; are you prepared to swear they were open for business on the 6th December? A. I would not say; it is signed "Farmers Bank of Canada. W. R. Travers, General Manager."

Q. Marked commissions; did you know where it came out of? A. It came out of the Traders Bank.

Q. Did you know what moneys the Farmers Bank had on that date out of which it could come? A. No, sir.

Q. You are not suggesting the Bank was operating at that time and it came out of the funds of the Bank acquired after it had opened its doors? A. I do not know.

Q. What did Travers do with the \$5,000? A. He put it in his pocket.

Q. You did not pay up any shares or any subscriptions with this \$5,000?

A. No, sir.

Q. You put it in the Bank? A. Yes.

Q. Keep it and use it? A. Yes.

Q. For your own purposes? A. Yes, I used it up largely in going to England the following spring and that was in the interests of the Bank.

Q. Kept it there till the next spring? A. Part of it.

Q. You took notes for the subscriptions? A. Some of them.

Q. A good many of them? A. If it was convenient for the subscriber.

Q. Irrespective of the terms of the written application? A. Yes; I took it under instructions.

Q. Making all the deferred payments come due at one particular time? A. I have never sold stock that I have not taken good notes in lieu of the cash.

Q. I ask you the way it was done; he would pay so much and take a note for the whole of the balance at a particular time? A. Yes, or if he had a mortgage coming due and did not pay anything I would take a note for the full amount.

Q. Did you receive the cash?? A. What cash?

Q. That the subscribers paid, or did you just take the subscription and the note and hand it in and let the Bank or Provisional Directors get the money? A. In some cases I received cash, that is where they had the money in the house; I put that money in my pocket, and I would send my personal cheque to the Bank for the same amount, writing on the corner of it what it was.

Q. Did you deduct your commission? A. No, sir.

Q. Why not? A. Because I never have done it.

Q. You I suppose were aware that subscribers to the Bank are not stockholders till after its organization? A. I am not.

Q. You were not aware of that? A. No.

## SESSIONAL PAPER No. 153a

Q. You were not aware that if the Bank never went into operation the subscribers were entitled to their money back again? A. No, sir.

Q. That did not operate in your mind in handing it all in? A. No, sir.

Q. And you never deducted the commission from the cash you got? A. I never deducted a penny piece or a brass farthing.

Q. Can you give me your reason for that? A. I have never done it in any transaction because I don't think it is right. I have always felt that any moneys received from a stockholder is not mine until after it has reached the Company and becomes their property.

Q. What had you to do with the getting up of the list of subscribers? A. Unfortunately I had this to do with that, that I secured probably 80 or 85% of the subscribers whose applications I never practically set eyes on afterwards.

Q. I mean preparing this document? A. Nothing at all.

Q. Were you consulted at all? A. No.

Q. In no case? A. In no case.

Q. You had made no payment of the amount stated in this list opposite your name, had you paid \$500 on your first stock subscription? A. It was credited up to me out of my commission, I understood.

Q. Had you paid at any time \$5,000 on the second subscription? A. I understood there were \$9,150—

Q. I did not ask you that; had you paid \$5,000 on that second subscription of yours on the 27th November, 1906? A. You understand I understood that \$9,150 had been transferred from my commission account to the credit of my stock subscriptions.

Q. That was long afterwards; I am speaking of the 27th November, 1906? A. I understood my commissions would pay part of it and I would go on and replace it.

Q. You had never paid \$5,000? A. I had no jurisdiction—

Q. You never allocated \$5,000 to that subscription? A. I never issued a cheque, and I never issued or authorized the five shares to be paid up but it was paid up.

Q. You never arranged with any one that they were to credit that \$5,000 upon your shares? A. No.

Q. And you did not know it had been done when the list went in to the Government? A. No, I had absolute confidence in whatever Mr. Travers did at that time.

Q. Is the suit against the Farmers Bank still going on? A. Still in the Courts.

Q. Travers or the Bank never made any effort to collect that last subscription of yours? A. No; they gave me the regular notice, when they would not transfer it they gave me the regular ten days' notice; I have the letter signed by the Bank.

MR. COMMISSIONER: What do you mean by the letter? A. Notice of cancellation.

MR. HODGINS: I mentioned Major Beattie's name and I think you wanted to produce something. I just want to say I have a letter too from Major Beattie, and if you have, it would be just as well to produce it? A. It has been said about the provisional directors not having given their consent to be directors, if elected. I notice every one of those gentlemen ran for shelter, they did not run for shelter merely but they galloped for shelter after the failure of the Ontario Bank. I might say that A. G. McKay, D. M. McLeod, William Calvert, Major Beattie all promised, and were quite anxious and satisfied with the idea of becoming a bank director at that time.

Q. At what time? A. When I approached them; every one of them.

Q. What more do you want to say about Major Beattie? A. I went to London to see Major Beattie and here are some letters. (Produces copies of

letters). One thing I have never done, and that is to associate a man on a prospectus where he had not given his consent.

Q. Do you want these to go in? A. No, not necessary.

MR. COMMISSIONER: Are these all? A. They are touching that; they are not direct or indirect.

MR. HODGINS: I have not the slightest objection to your putting them in, if you wish. They are correspondence with Major Beattie; and I can close it with the last letter to Mr. Travers. Perhaps you can tell generally speaking what you had to do with him or any of these Directors who have given evidence here? A. Take W. S. Calvert.

Q. Take Major Beattie first? A. I called up Major Beattie from my house, and Mr. Travers was in the house. I got Major Beattie on the phone, and he practically, that is to me, decided that he would go on the Bank Board.

Q. A long distance message from here? A. I said "Mr. Travers is here, he will speak to you", and I said "I will run up to London to-night and see you", and I wired when I would arrive. He met me at the Tecumseh House. He also talked with Mr. Travers over the phone. I got to London and he met me at the hotel and we remained there until quarter to ten, and he went up to meet his son who was coming down from Mount Hope—he had been taking French lessons there. In the course of the evening after we got over the amount that was necessary to qualify he said "Yes, \$3,000. You know, Lindsay, I have not got any more money than enough, and I do not want to lose any, but" he said "\$3,000, we will be a lot of numbskulls if we let the bank get away from us, and the double liability called on". He said "I will tell you who I would like you to get; I would like you to get Rory McLennan." "I have the Colonel on my list, and I am going down; and so I left I think on the early morning train at 4 o'clock and I came through here, and went right through to Cornwall and interviewed Colonel McLennan and got his subscription for \$5,000, and 10% payment, \$500.

Q. Using Major Beattie's name? A. Yes. I says "I was in London last night and Major Beattie spoke of you".

Q. Can you give us the date of this, because I have a letter here and I want to see if it is prior or subsequent to that? A. They are all dealing around about March, April or along there.

Q. 1906? A. Yes.

Q. The Major says he was telephoned to and spoke to Travers over the telephone, and mistook him for some other Travers, and he says he saw you the following morning? A. Yes.

Q. These letters you have are subsequent correspondence with him in March or April, 1906? A. Yes.

Q. Would this letter be correct to W. R. Travers? A. Then he commenced to draw away; but in the first place he agreed and his name had gone to the people.

Q. I am not interested in that? A. I am only interested that I do not want any person to think that I went out and put names on on my suggestion on the prospectus without any authority.

Q. Listen to my side of the story: I do not know or care whether you had any arrangement with any of these Directors whose names are mentioned in the prospectus; all I am interested in is whether on the 27th November, 1906, they could properly be handed into the Government as people who had consented to go on the Board? A. I did not know anything about that.

Q. Would this be right; this is Major Beattie's letter to Mr. Travers, dated 16th August, 1906: "I am somewhat surprised at your letter. It is fully one month since I wrote Mr. Lindsay that I could not see my way clear to accept seat on the Board; and some ten days ago he was in London, when I repeated the same to him in person. Yours truly, Thomas Beattie". Would that statement be correct? A. Yes.

## SESSIONAL PAPER No. 153a

Q. Therefore on November 27th, 1906, he was not a person who then was willing? A. I would not say so in view of that letter.

Q. Will you say with regard to these other gentlemen that you say galloped to safety whether on the 27th November they had agreed to it? A. I have no idea whatever.

Letter from Major Beattie to Mr. Travers, 16th August, 1906, filed as EXHIBIT 29.

MR. COMMISSIONER: At the time you took the subscriptions, had you the prospectus with you. A. Yes, sir.

Q. At that time had these gentlemen you say had promised to become directors of the company, any of them intimated their change of mind and they desired not to be directors? A. No.

Q. In other words when you were carrying that prospectus about and showing people, had you been informed that any of these gentlemen whose names you mention had decided not to become directors? A. Not to my knowledge; the prospectus ran out about along the middle of the summer and they did not have any more printed.

Q. In this letter of Major Beattie's (EXHIBIT 29) he says about a month before he wrote Mr. Lindsay, that is probably July he communicated with you? A. Yes. The heavy end of the stock was placed by that time.

Q. You did not mention Mr. Ivey's name? A. On the 16th March, 1908, I wrote to Mr. Calvert: "Your name has been inserted on the list of directors of this bank with the following gentlemen: The Honourable Mr. Forget, Major Beattie, London; Thomas Charlton, H. J. Anthes, W. S. Calvert, Colonel Munro, Hon. A. G. McKay, George H. Neely, M.P.P., Thos. Urquhart, B. N. McLeod, Parkhill; John Ferguson, M.D., Toronto. Now, if Mr. St. Denis Lemoine of the Senate, will subscribe for \$10,000 I will also have him put on the Board. This I can arrange, and would like to have his decision by wire Saturday, as they are holding the printers for his answer, at my request. See him upon receipt of this".

MR. COMMISSIONER: Did you get any answer to that? A. No, sir, but I was in Ottawa a short time afterwards to look up St. Denis Lemoine and was there and talked it over several times.

Q. With what result? A. With the result that there was not anything said by Mr. Calvert about getting out; I never got any reply; and I wrote the same letter to D. N. McLeod, at Parkhill—I called him by phone, and he was quite enthusiastic and he went out and even got his father-in-law through another agent.

MR. HODGINS: Since the writing of that letter to Mr. Calvert, did you up to the end of November, 1906, hear of his withdrawal? A. No.

Q. How did that apply to Hon. A. G. McKay, had he agreed? A. Yes.

Q. And had he withdrawn to your knowledge up to November, 1906? A. Not to my knowledge.

MR. COMMISSIONER: Mr. Lindsay, if you desire to give any explanation or make any statement with regard to these matters, so far as they are relevant you will have an opportunity of doing it when we meet at half past two.

The Commission adjourned at 1 p.m. to 2.30 this afternoon.

The Commission resumed at 2.30 p.m., March 21st, 1912, at Osgoode Hall.

WILLIAM J. LINDSAY examination continued:—

MR. HODGINS: There are some documents in connection with Mr. Lindsay I would like to put in. Three letters in July and August, 1906, between Mr. Travers and Mr. Lindsay and Mr. Travers and Mr. Spence, who was your solicitor at that time? A. Yes.

Q. I put those in, they show the position in August.

Three letters, one Travers to Lindsay of the 28th July, 1906, and two from Travers to J. H. Spence, dated respectively August 23rd, 1906, and August 25th, 1906, filed as EXHIBIT 30.

Q. This is your agreement with Mr. Travers in August, 1906? A. Yes.

Agreement dated (blank day of August, 1906, between Travers and Lindsay, filed as EXHIBIT 31.

K. It does not bear any specific date in August; would it be after that correspondence? A. Yes.

Q. This batch of correspondence? A. I think that belongs to the suit that is now pending, and I had no advice on it, but I do not think it should go in here; I think it is irrelevant; I do not know.

Q. You are suing the bank and you want to have access to these?

MR. COMMISSIONER: Whose documents are they now?

MR. HODGINS: These documents are handed to me by the liquidator.

MR. COMMISSIONER: They are not in Mr. Lindsay's possession? A. No, sir.

MR. COMMISSIONER: You can get access to them? A. It would seem almost as if you were trying that case here.

MR. HODGINS: No, not trying the case at all here; just dealing with the position in 1908, under the agreement— A. Under the agreement which I am suing under.

Batch of correspondence between Travers and Lindsay, in 1908, filed as EXHIBIT 32.

MR. COMMISSIONER: Now, if you desire to add anything you are at liberty to do so? A. Immediately after that writ with all the allegations in it of fraud and misrepresentation there is an apology which should be in these papers from Mr. William Laidlaw, acknowledging the fact that after having seen all the subscriptions in question of his clients, that he was misinformed, and that they were all in good order and had not been altered in any way whatsoever, and he wished to withdraw any and all statements that were derogatory in any way to me. I issued a writ for \$25,000 against him, and that was the settlement.

Q. While Mr. Thompson is looking for that if there is anything further you can proceed? A. I do not know of anything further.

Q. Was there any ground for the allegation that these stockholders represented by Mr. Laidlaw made as to the way in which their subscriptions were obtained? A. No, sir. Their subscriptions were all taken and in fact many of them, some of the parties who were included in that writ, had never given Mr. Laidlaw instructions to join them in it.

Q. As they told you I suppose? A. And they almost some of them practically took the stock themselves, almost asked for it.

Q. I did not find Mr. Menzies' name in the list of shareholders, not this Menzies that you say took \$40,000; when did he subscribe? A. Some time after the organization of the Bank, I think in the spring.

Q. Ought his name to appear in the published list? A. It would be in the following year.

Q. It would be 1907? A. Yes, in the spring of 1907, I think he came in during the time I was in England.

Q. Did he pay anything? A. He had his certificate and showed paid up \$40,000. He first gave his cheque for \$3,000.

Q. You do not know the facts? A. Yes, sir, he told me; I saw the facts embodied in his letter from the General Manager.

Q. Was that paid-up stock then? A. Yes.

Q. You said something about the failure of the Ontario Bank and another bank, you did not finish? A. The Ontario Bank failed some time along about

## SESSIONAL PAPER No. 153a

the middle of October, 1906, I think it was October and after that time everybody got scared so far as bank shares were concerned.

Q. What bearing has that upon the matter you were testifying as to? A. That was one of the features that brought about the dissatisfaction of the shareholders around Milton which caused the issuance of this writ.

Q. You spoke of another bank, what bank? A. The Sovereign Bank failed. I was in England in 1907, and if I remember correctly it was either in April or May or thereabouts that the Sovereign Bank failed, when the balance of the shares, the Prospectus and everything, was ready to launch there to raise the balance of the stock, and they had to withdraw or withhold.

Q. The balance of the Farmers Bank stock? A. Yes.

Q. Was any of the Farmers Bank stock sold at a premium? A. Yes, sir.

Q. Do you know what amount? A. Offhand I should say somewhere around the neighborhood of \$80,000 to \$100,000, I am not sure.

Q. How late? A. I was selling it up to January, 1908; whether I sold any in February or not I am not quite clear.

Q. With regard to the 500 shares that you subscribed for, I understand your idea was that Mr. Menzies would take thirty or forty thousand dollars of that, and the remainder what? A. I intended holding a portion of it myself, and I had some other parties whom I had promised to.

Q. Had the opportunity that you supposed you had of taking that stock at par special value in your eyes? A. Yes, sir, in consideration of the fact that all the balance of the stock was going to be sold at 125.

Q. What was the advantage you were getting? A. Not any further than what I decided to hold myself, it would cost me \$100 a share, and on the other hand it afforded Mr. Menzies the opportunity of getting his at the same price which I had promised him.

Q. Instead of paying the premium? A. 125.

Q. You were getting in, as it is popularly said, on the ground floor? A. Yes.

Q. You said you wanted to take part of the stock and that Mr. Travers would not allow you to do it, what was the reason? A. To transfer a part of it.

Q. To transfer it to your nominees, what was his reason? A. He said that the directors would not permit of it.

Q. Why, what was the reason, that you ought not to get stock at par, or what? A. No, that was all that was said.

Q. What did you understand it to mean, if he was looking for subscriptions why would not he be glad to get somebody to take it? A. He was getting them any how, no matter whether that was taken or not. Then later on, it was just about the time that he went to Winnipeg or got into negotiations with some people in Winnipeg and took the balance of the stock out of my hands entirely.

Q. Was your idea that with what Mr. Menzies did not take, if he took what was talked about taking, that you could place that at 125 and make the difference yourself? A. Yes, or place it with my friends that I had promised at par.

Q. And give them the benefit of getting it at par? A. Yes.

Q. You have contradicted several gentlemen who have been examined here as to their having promised to become directors here; is it not quite likely that you looked rather optimistically at what they said with regard to joining the bank? These gentlemen all say they had it under consideration, you had approached them, they were considering it, and you had said that if they took the stock they would be on the Board; they never did consent, the furthest they went was to take it under consideration; is not that more probably what the position was than a definite promise by these gentlemen to allow you to use their name? A. Well, I at once in each case wrote to each gentleman when the Prospectus was out and confirmed it.

Q. Did you write to Mr. McKay? A. Yes.

Q. You did not say that before? A. I wrote to all of them, I said, the same style of a letter as I wrote to Mr. Calvert.

Q. You see these gentlemen have not subscribed at all, they were not shareholders? A. The idea is this, they asked how much they would have to subscribe. "\$3,000". "When?" "When you take your seat at the Board; before you can be a director you have to pay up in full in cash thirty shares."

Q. You do not differ very much from most of the canvassers for stock who take a pretty rosy view of every half promise they get, do you? A. Yes. I am.

Q. A little more conservative? A. I think so. I knew these men, had known them for some years.

Q. At all events you desire to be acquitted of any intention to mislead with regard to it? A. Yes, quite so; there was not any intention as far as I was concerned, that is when I went to any of them, and I was in touch with them—I went over to Tonawanda—Mr. Thomas Charlton who had signed for thirty shares on conditions that he was elected a director, he went over to Buffalo with me and interviewed some parties there. Mr. D. N. McLeod of Parkhill, I had known him possibly for 25 years, and all I had to do was to call him up and he said "Yes, all right", and he got his Prospectus in the same way, and when the man went up there he went out and interested a number of his friends.

Q. Did these letters that you wrote to these gentlemen, Mr. Calvert and the others, call for an answer? A. No, they were all just the same as this one I read this morning.

Q. Was that put in?

MR. HODGINS: No. I would like to see that letter to Mr. Calvert? A. (Produces letter). I was in Ottawa in touch with him for several days.

Q. It speaks of a reply from Mr. St. Denis Lemoine in that letter; have you the letter to any of the others just telling them that they were on the Prospectus? A. I don't know whether there are any of the others or not.

Q. Have you a copy of the letter to Mr. McKay? A. No, I do not know how that one happened to get in amongst the Bank's stuff.

MR. COMMISSIONER: This is your own? A. Yes.

Q. You said got among the Bank's stuff, what do you mean about that? A. In the suit for commissions.

MR. HODGINS: That bears Beatty Blackstock's stamp? A. It was in the suit.

MR. COMMISSIONER: In the prosecution? A. Yes, from Mr. Blackstock's brief.

MR. HODGINS: Where did you get this from? A. I don't know.

Q. How did your counsel get it? A. Amongst my papers, and I don't know where.

Q. How would he find it? A. Very likely Mr. Cameron took it, of Messrs. Masten, Starr, Spence & Cameron.

Q. Will you enquire? A. Yes, I will try and get it.

Q. You said Mr. Starr had that letter from Mr. Laidlaw? A. I have telephoned to Mr. Starr and to Mr. Hugh Rose and they are going to try to send up the letter right away.

Q. I would like to get it, I have read something, and my idea was that that letter is entirely confined to some charge that was made that the subscriptions had been altered.

MR. COMMISSIONER: That is what he said, that he withdrew that.

MR. HODGINS: It did not deal with anything else than that, is that the letter you refer to? A. Yes.

Q. I think that ought to be produced, I would like you to let me have it.

MR. COMMISSIONER: Do you agree with Mr. Hodgins that it was confined to the statement that these documents had been altered? A. I do not know just, I think so.

## SESSIONAL PAPER No. 153a

MR. HODGINS: However, the document will speak for itself? A. Yes.

Q. It was an action brought against the World and Mr. Laidlaw? A. I don't think the 'World' was included I think it was just Mr. Laidlaw.

Q. Were not all these subscribers known as the Laidlaw subscribers called as witnesses in the prosecution against you? A. No, sir.

Q. Were any of them? A. Some of them were I think.

Q. Were they questioned as to misrepresentations? A. Yes.

Q. I thought that was the case and I wanted to know? A. Yes, there was one of them said he understood he was getting 25 shares for \$250.

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MR. HODGINS: I proposed to go on with Mr. Travers' examination, but, just as he told me yesterday, he is very anxious, in fact insists upon seeing Mr. H. H. Dewart, K.C. before giving evidence.

MR. COMMISSIONER: Mr Dewart is in town, and has been all day.

MR. HODGINS: Mr Dewart has been in town and Mr. Travers has seen him so he tells me, for ten minutes, but Mr. Dewart will not be able, according to the message given to me by his partner Mr. Hodgson, to see Mr. Travers until Saturday. He wants to have as he says a couple of hours conversation with him. I do not profess to know why he wants to see Mr. Dewart.

I do not think we need go into it; if Mr. Travers does not want to be examined until he has seen Mr. Dewart, and you do not want to press him, there is nothing to be done but to adjourn.

MR. HODGINS: I do not think I can press him until he has seen Mr. Dewart. I do not think there is anything to go on with today or tomorrow, until the next sittings.

MR. COMMISSIONER: I do not suppose Mr. Dewart thinks he has any status here.

MR. HODGINS: I do not think so.

MR. COMMISSIONER: Is Mr. Clarkson preparing us a statement showing exactly, from the books of the bank, how the provisional expenses were made up?

MR. HODGINS: Yes.

MR. COMMISSIONER: How much stock was actually paid for and by whom paid?

MR. HODGINS: Yes.

MR. COMMISSIONER: With the details of the disbursements?

MR. HODGINS: I will be able to give all that after we have had Mr. Travers in the box, and in the interim I am going to have copies which can go in by themselves. At present they are part of a much larger book.

MR. COMMISSIONER: Do any of these items require independent investigation, or is Mr. Clarkson giving us exactly what the books show? Is it from the books and from some information he has derived outside as well?

MR. HODGINS: That I am not quite sure of.

MR. COMMISSIONER: Because if it is the statement should be so marked, so that we can see what the books show and what he has ascertained outside, if there is anything.

MR. HODGINS: That is why I thought of taking Mr. Travers evidence, and that will practically give us most of the facts upon it, and then Mr. Clarkson can speak of what the books show.

MR. COMMISSIONER: You are not going to examine Mr. Travers at present except upon the first two questions which form the subject of the enquiry.

MR. HODGINS: That is all.

MR. COMMISSIONER: Not going into the general question.



Mr. HODGINS: Not yet.

The Commission adjourned at 4 p.m. until 11 a.m. Wednesday, March 27th, 1912, at Osgoode Hall, Toronto.

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Toronto, March 27th, 1912.

The Commission met at 11 a.m., and adjourned to May 13th, 1912, at 11 a.m., at Osgoode Hall, Toronto.

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Toronto, May 13th, 1912.

The Commission met at 11 a.m., at Osgoode Hall, and adjourned until 2 p.m., and further adjourned until 11 a.m., May 14th, 1912.

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Toronto, May 14th, 1912.

The Commission continued its sittings, at Osgoode Hall, at 11 a.m.

PRESENT:—

THE COMMISSIONER, HONOURABLE SIR WILLIAM MEREDITH;  
FRANK E. HODGINS, K.C., and J. THOMPSON, K.C., representing the  
Dominion Government.

Owing to some misunderstanding Mr. Travers was not present, Dr. Chambers, Governor of the Toronto Jail, requesting that an Officer be sent to the Jail for Mr. Travers. Arrangements were made to do so, and the Commission adjourned until 2 p.m.

The Commission resumed at 2 p.m., May 14th, 1912.

WILLIAM G. MITCHELL, Sworn, Examined by—

Mr. HODGINS: You are a member of the firm of W. G. Mitchell & Co., Brokers, Toronto? A. Yes, sir.

Q. Are you brokers for the Trusts & Guarantee Company? A. We generally act for them.

Q. You produce here a copy of your ledger showing three items, December 6th, 7th and 17th, 1906? A. That is correct. This is a copy of our ledger.

EXHIBIT 33—Copy of ledger account of J. J. Warren, with W. G. Mitchell & Co.

Q. Would you just explain those entries; they appear to be in each case a cheque marked "Traders Bank", apparently received by you and a cheque paid out marked "Trusts & Guarantee"? A. One day Mr. Warren called me on the phone and said, "We are receiving some money to-day from a customer. He is rather anxious that the bank on which these cheques are drawn, and I am not quite sure but what he said the Clearing House, should not know where they go to, to whom they are paid or to whom the money goes; have you any objections to our sending you over cheques, or having these cheques made payable to you?—The cheque will be marked good,—and you just hand the boy out your cheque for the same amount"? I said "why certainly, it does not make any difference to us".

Q. Who is Mr. Warren? A. He is the Manager of the Trusts & Guarantee.

Q. Was this prior to the date of these entries? A. Just the same date as each of these entries would come; that is he called me up on the following dates and said: "I am sending you over another cheque the same as the last".

## SESSIONAL PAPER No. 153a

Q. What cheques were these you received? A. I did not know anything about them; I did not know what they were for or who they were for; I did not ask any questions. The cash book clerk when the cheque came in he said he could not quite read Mr. Travers' signature, he was not familiar with it, and he just put in "cheque Traders Bank".

Q. The cheques were paid to you? A. Payable to W. G. Mitchell & Co.

MR. COMMISSIONER: Drawn by whom? A. It was Mr. Travers' cheque.

Q. Individual cheque? A. I could not say that; the cheque was drawn on the Traders Bank; I never saw the cheque till here a few months ago. The cheques are just put with the office stamp on the back and put right into the bank.

MR. HODGINS: Did you get the cheques mentioned there in that way? A. Yes; those cheques came into our office, and were just endorsed over to our own bank and put through in the regular way.

Q. Are those dates correct, December 6th, 7th and 17th? A. No doubt you will see on the backs of those cheques the bank's stamp and the dates they go in.

Q. Are they correct so far as dates you receive them are concerned? A. Yes.

Q. Did you pay over your cheque to the Trusts & Guarantee Company on each occasion? A. The same boy who brought the cheque in took our cheque away.

Q. And that is all you know about it? A. Yes, I did not know it had any connection with the Farmers Bank until later, quite recently.

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W. R. TRAVERS, Sworn, Examined by—

MR. HODGINS: You were General Manager of the Farmers Bank? A. Yes, I was.

Q. From the time it began operations until its suspension? A. Yes.

Q. And you had a great deal to do in getting it up? A. Latterly, yes; not from the time that the charter was authorized.

Q. Did you and Lindsay take over the charter? A. No, Lindsay had nothing to do with that; Lindsay was working for me.

Q. You had made an arrangement, had you, about taking the charter over? A. I made an arrangement with the provisional board by which I should organize the bank and become its Manager.

Q. You were to do that for the provisional board? A. I was to get sufficient stock subscribed to complete the requirements of the Bank Act.

Q. That was some time in 1906? A. It was March 12th, 1906, that I entered into the arrangement with the provisional board.

Q. That arrangement then continued for some time, did it not? A. It continued till the permanent board was elected in November, 1906.

Q. You had a written agreement with the provisional board? A. I had.

Q. In March, 1906? A. Yes.

Q. And you had another one later, as I understand it in July, 1906, with the provisional board? A. Yes.

Q. At all events from March till July you acted under the March agreement? A. Yes.

Q. Lindsay says he began work in about April, 1906? A. Yes, I should think he did.

Q. Had you known him before? A. I met him casually in a house where I was staying in.

Q. And you made an agreement with him? A. I did.

Q. In fact made two or three I understand from what I have seen? A. I made an informal agreement with him which was cancelled afterwards by a regular agreement drawn up by a solicitor, I think in July or August.

Q. This will probably be it (Exhibit 31)? A. Yes, that is the agreement.

Q. And that will be the one under which you say he worked? A. Yes.

Q. That the net commission after payment of expenses and sub-agent's commissions on any and all stock placed by either you or him be equally divided between both of you? A. Yes.

Q. "This agreement to include all stock now placed since March 12th, 1906, and to be hereafter placed up to the first \$500,000 of the capital stock of the said Bank." The 12th March, 1906, was probably the date of your first Lindsay agreement? A. About that, I could not say what date it was.

Q. Then it provides, that so soon as your contract with the bank is confirmed by the permanent directors, or you accept the office of General Manager, a contract for the selling absolutely of the second \$500,000 of stock at a commission of 10% on the amount sold, payable 5% when first payment is made, 5% when stock is allotted, stock to be sold at such premium and on such terms of payment as the Board may determine—that provides that you shall obtain for him an arrangement after you had become General Manager to sell the balance of the stock? A. Yes.

Q. Generally speaking that was the situation? A. Yes.

Q. Did you and he start in to get subscriptions? A. We did.

Q. And had you trouble with Lindsay? A. I had trouble over some people complaining about their subscriptions, yes.

Q. How extensive was that? A. I could not say exactly, there were a great many of them, particularly after Mr. Laidlaw brought a suit to endeavour to dissolve the institution.

Q. That suit was not brought till October, 1906, you know, that is about the time it is all completed? A. There were some complaints before that, I could not say offhand what they were.

Q. Were they extensive at all? A. There were a number of them, I could not say how many.

Q. I do not want to go into the details, what was the substance of the complaints being made as affecting subscriptions? A. There were various complaints made, some said that they were promised and guaranteed a large dividend, and they had found out that it would be impossible to pay a large dividend the first few years. Others said that their subscriptions were taken under misrepresentations; and I cannot remember exactly what the other complaints were.

Q. Were any of the complaints respecting the taking of subscriptions under a misapprehension, believing that they were signing for a branch to be opened? A. I hardly think at that time those objections would have been raised.

Q. What do you say down to the time say of the Laidlaw suit was the situation of the subscriptions, taken by Lindsay? A. I do not exactly understand your question.

Q. Were you familiar with the subscriptions? A. I was.

Q. Was Lindsay taking them in the country and sending them in directly to you? A. He was.

Q. And reporting from time to time? A. He was.

Q. And you I suppose were anxious to see that the subscriptions were got? A. I was.

Q. Will you say, seeing what you knew about the subscriptions, whether you understood there was trouble, dissatisfaction, say up to the time when Laidlaw brought his suit with regard to the subscriptions taken by Lindsay? A. I knew that there were a number of people who were dissatisfied with their subscriptions.

## SESSIONAL PAPER No. 153a

- Q. For the reasons you have given us? A. As far as I can remember, yes.
- Q. Did you make Lindsay acquainted with those? A. I did.
- Q. Was he as familiar as you were with the complaints made down to that time? A. Everything I knew he knew.
- Q. Was he in town continually or did you usually correspond? A. He usually came in about Friday night of each week.
- Q. And what would he say regarding the subscriptions, what would he and you do? A. He would hand the subscriptions over to me and we would look them over and talk them over, and the following day they would be registered in the books and he would call at the office and get a revised list of the subscribers up-to-date.
- Q. Then down to the time when Mr. Laidlaw brought his suit to what extent had he and you got subscriptions taken up? A. I could not exactly answer that question offhand.
- Q. Was it pretty nearly finished? A. Yes, nearly finished; I could not say exactly how far it was, though; the books would show that.
- Q. Would you say there were probably 100 people involved in complaints about Lindsay's subscriptions? A. I could not say there were 100 people involved, I could not answer that as directly as that.
- Q. Not to an exact number I suppose? A. No, I would not think there were near that number.
- Q. How many would you put it at? A. There might have been fifty of them; half of that number.
- Q. Was anything done by Lindsay to remove the difficulties which had cropped up down to that time? A. No particular move. Lindsay would say he would call on these people again and straighten it out.
- Q. I suppose you could not give me at all offhand probably till I have given you something to refresh your memory what subscriptions those were? A. I could not now, at the present moment.
- Q. Were you aware that quite a number of the subscriptions were conditional subscriptions? A. I was.
- Q. Had they been so reported by Lindsay? A. They were; they were generally marked right on the applications themselves.
- Q. Would you be good enough to look at that letter of the 7th December, 1906, which is signed by you? A. Yes, I remember that (Exhibit 24.)
- Q. The middle sentence there, you will see what that says, that it was understood of course—A. "That a certain amount of stock now on our books which has to be replaced could be done so by you at par."
- Q. "Which has to be replaced", to what did that refer? A. It referred to a subscription of Mr. A. H. Hoover's for one thing, \$5,000, and a subscription of a man named Davidson of Flint, Michigan, for \$5,000; another one, a man named Smith at Flint, Michigan, for \$5,000; one of Honourable Mr. Forget of Regina, for \$5,000; I cannot go much farther.
- Q. Did that refer to Laidlaw's subscriptions? A. Yes. I think I had those in mind when I wrote that letter.
- Q. Had you in mind any subscription of any of the McCorquodales? A. No, I don't think Lindsay had anything to do with those McCorquodale subscriptions.
- Q. These were what Lindsay had to replace, were they? A. These that I have mentioned just now are the chief ones that I remember he had to replace.
- Q. Was he to replace them because he and you had agreed that those subscriptions must be put right? A. Not altogether; he had nothing to do with some of those; the Forget subscriptions, for instance, which was on the books, he had nothing to do with.
- Q. That was got by you, was it? A. No, that was got before I took charge of the institution.

Q. The others were got by him? A. Yes.

Q. "A certain amount of stock now on our books which has to be replaced could be done so by you at par"? A. Yes.

Q. The statement that you have made I would like to ask you if it is correct: "I said there were numerous letters on file making complaints about the way he got them"—that is Lindsay—"but that in my visits around the country I had run across I said perhaps 100 people who had said their stock was got by fraud and deceit and everything else". Then you go on further: "After the bank was organized Lindsay got subscriptions around Kerwood, etc"—would that statement be correct? A. Not altogether.

Q. How do you qualify it? A. The statement I made there that I was around about the country would refer more particularly to the time after the bank had opened for business when Lindsay—I had been out through the country, but I could not say there were 100 people then complaining.

Q. Can you say what subscription was referred to, when had they been got? A. They were chiefly those that were taken after the organization of the bank and were around about in the neighborhood of villages where we intended to open branches.

Q. I did not perhaps read you the whole of it; I thought perhaps it was not necessary. You say: "In my visits around the country I had run across I said perhaps 100 people who had said their stock was got by fraud and deceit and everything else. After the bank was organized Lindsay got subscriptions around Kerwood and several other places" (naming them) "by saying, We, the undersigned hereby agree to subscribe for the number of shares in the Farmers Bank of Canada and on the terms of the application herein, and then the application was pasted there; and this was ruled for the number of shares and his address and a column for the witness. A considerable number of people told me that when they signed that it was folded down, that they were signing an application to establish a branch bank". You were referring I thought to two classes of subscriptions, those got before and those after; what do you say about that? A. I would have to change that a little and say I could not say there were 100 people prior to the organization of the bank that complained; there were letters on file there, but how many I do not remember.

Q. I think you said Lindsay knew of these complaints just as well as you did? A. Yes, I really believe he did.

Q. Coming down to the time of the Laidlaw difficulty I think some one said that the writ was issued and was not served until after the first deposit of \$150,000 had been made, do you remember how that was? A. The first \$150,000 had been deposited through the Bank of Montreal with the Finance Minister at Ottawa in accordance with the Bank Act. The writ was issued at the closing hour one Saturday, at Osgoode Hall, and the first notice I had of it was when it appeared in the Sunday 'World,' the next morning in its entirety.

Q. You say the \$150,000 had been then deposited? A. \$150,000 was up then, deposited then, I should say.

Q. Those subscriptions known as the Laidlaw subscriptions, were those a difficulty in your way at once? A. They were.

Q. And what steps were taken to get rid of the writ? A. We bought off Mr. Laidlaw's clients.

Q. Who undertook that part of the work? A. Mr. Lindsay went out in the country and got the transfers of the stock and paid over the money.

Q. And that was done very promptly, was it not? A. Done over night, I think.

Q. The deposit I think of the \$150,000 was made on October 16th, and the dismissal of the action took place on October 27th, that would be 11 days afterwards; see if that letter is one of the letters which you wrote after the action was

## SESSIONAL PAPER No. 153a

disposed of? A. Yes; I remember writing that letter; I think that was in reply to either a written or verbal request from somebody demanding his notes back.

Q. Would a similar letter be written to the other shareholders? A. No, I do not think I wrote to any of the others; I remember that one because I had a fuss with that one.

Q. I suppose those statements would apply to them all that you made in this letter; Dixon was treated just as all the others were treated? A. The others had not given notice, I do not think they had given notice; there might have been one or two of them, but the majority of them had paid the cash 10% deposit upon their subscriptions.

Q. All those who had not paid would be treated just the same as Dixon? A. The understanding with all those shareholders was that they should be relieved of further responsibility.

Q. That is what I say. This is the clause in the letter: "You will understand, however, that you are relieved from all responsibility under your application for 50 shares of stock in this bank, and while we regret that you are not now one of our subscribers we are pleased that you are entirely satisfied". A. Yes, that would apply to that.

Q. That was the basis of the arrangement? A. Yes.

EXHIBIT 34—Letter 27th October, 1906, from W. R. Travers to W. A. Dixon, of Milton.

Q. That removed that difficulty from the way? A. Yes, that removed Mr. Laidlaw from taking any further steps to apply for a winding-up order.

Q. There was nothing then to prevent you going on and completing your organization? A. Nothing then, no.

Q. At the time the Laidlaw writ issued had the notice been given for the meeting of the permanent directors? A. I could not say positively as to that, it was near that time, the 26th October—no, I think that was the 19th October, was it not, the writ of Laidlaw, but I do not think the notice was put in till the following week.

Q. That having been got out of the way there was no further difficulty in the way of organization? A. Nothing then, no.

Q. I suppose you had not positively \$150,000 with the Bank of Montreal until you had got enough shares subscribed to make up the \$500,000? A. No, I do not think we had the \$500,000 at the time that I deposited the \$150,000.

Q. You must have been pretty close in sight of it? A. We were very close to it, but I could not tell you what it was.

Q. There is a letter which has been put in showing, if I recollect the figures right, that you had something like \$489,000 subscribed? A. Yes, I saw that letter in the other Court.

Q. That is to Mr. Lindsay; would that remind you about how near you got to the point? A. I could not say positively, but when that letter was shown to me in the other Court I was doubtful about the figures.

Q. It was your own letter? A. Yes.

Q. What made you doubtful about the figures? A. I don't think we had that much.

Q. But you wrote and said so? A. I did.

Q. What made you doubtful? A. I saw the books after that and I was not quite sure, and I am not sure yet whether we had—

Q. You saw the books shortly after writing that letter? A. No, when the trials were on at the other Court.

Q. After the bank had failed? A. Yes.

Q. You had not any doubt about it at the time? A. At the time I was quite sure it was right.

Q. And that \$489,000 would include these shares that there had been difficulty about? A. Yes.

Q. You finally got the money and deposited it in the Bank of Montreal and got a receipt? A. Yes.

Q. Having done that what was the next thing to be done? A. The meeting of the subscribers.

Q. The meeting of the subscribers would come as soon as you had made the deposit in the bank, would that be the time to give notice? A. Thirty days after deposit had been made after due notice was given in the local newspapers.

Q. Your meeting was on the 22nd of November? A. The 26th, I think.

Q. So that the deposit would have been made thirty days prior to that? A. Yes, between the 22nd and the 26th October.

Q. And that meeting was duly held? A. It was.

Q. Did Lindsay attend it? A. No, I don't think he did, I could not say positively.

Q. By the way, did he charge you a fee for getting those Laidlaw subscriptions out of the way, as far as you know? A. I did not understand it at the time he was to charge anything.

Q. He did not attend the meeting you think? A. I don't think so, I could not say positively; my recollection is that he was not there; the minute book will show every person who was in the room.

Q. Were those who attended all *bona fide* subscribers? A. I thought so.

Q. And at the meeting I understand you and I think some one else, Dr. Beattie Nesbitt, voted by proxy, did you not, for a large number of subscribers? A. I did; I cannot speak off hand as regards Dr. Nesbitt.

Q. You did at all events? A. I do not think there were any proxies in his name though.

Q. How had you got proxies from the subscribers? A. The application form contained a clause in it appointing a proxy; there was a blank left there to fill in a name, and I filled in my own name in a great many cases, and in others there were other people filled in.

Q. A large number of these subscribers had subscribed while the provisional directors were in office, in fact all of them? A. Yes.

Q. And I suppose before you took hold at all the subscribers with the provisional directors had given powers of attorney, had they not? A. Yes.

Q. That is in all those as well as those Lindsay and you had got taken up that you filled in your own name? A. No, it was only those I took after I took charge of the Bank.

Q. Who was proxy for the others? A. C. H. Smith, if I remember right.

Q. He was secretary of the provisional directors? A. Yes.

Q. And was one of them? A. No, he was not a director, a hired servant.

Q. A hired servant of the provisional directors? A. He was.

Q. He, however, participated with them in the amount that they got from you? A. I believe he did.

Q. And you and C. H. Smith then would have had enough votes at that meeting acting on all those proxies to carry anything you wanted? A. I had enough to carry anything I wanted.

Q. And you exercised that power and carried what you wanted? A. I did.

Q. After the meeting what was the next step? A. The next step was to take a list of the subscribers together with an affidavit verifying the same, and the evidence of the notice of the calling of the meeting by way of copies of newspapers, and wait on the Finance Minister requesting a certificate.

Q. And that was duly done? A. Yes.

Q. You took Mr. Hunter down? A. I did.

Q. The solicitor of the bank? A. He was.

Q. And your visit to Ottawa was a short one? A. No, it lasted a week, nearly so.

## SESSIONAL PAPER No. 153a

Q. Mr. Hunter did not wait? A. No, he waited there two days and then went home and left me there.

Q. He settled with Smith too? A. Yes.

Q. He was there while that was being done? A. Yes.

Q. How many days were you and he down there together? A. About two days.

Q. Then he left? A. Yes.

Q. After Smith was settled with and came home? A. Yes.

Q. Did he return at all? A. No, he did not.

Q. And you got the certificate? A. I got it the end of the week after he went away; I don't remember, I think it was Friday I got the certificate.

Q. You went down when? A. I went down the early part of the week, I could not say exactly what date it was.

Q. You, I think, had to wait, had you not, in Ottawa for a time before you were able to see the Finance Minister, Mr. Fielding? A. We first saw the Deputy Finance Minister, Mr. Boville, and at that time Mr. Fielding was preparing his budget, and he could not see us for a day or two.

Q. That is what I say; when did you finally see the Finance Minister? A. I saw him two or three times.

Q. Notwithstanding the preparation for the Budget? A. Later on in the week, not in the early part.

Q. On one day or more than one day? A. I think I saw him twice in one day, I am not sure.

Q. That is all you saw him, was it not, just a couple of times? A. My recollection is I saw him three times.

Q. On the same day? A. No, twice on one day and once on another day.

Q. Once on the following day to the two interviews? A. Yes, I saw him one day once and the second day twice, or the first day twice and the second day once; I cannot remember exactly.

Q. Would your statement to Mr. Hunter be right that you got your certificate in 20 minutes? A. After I had satisfied Mr. Fielding, the last interview lasted about 20 minutes when he gave orders for my certificate to be issued.

Q. That was the last interview? A. Yes.

Q. After you delivered your letter to him in reply to his? A. I followed the letter; I sent it over by messenger.

Q. After you had delivered your letter to him in response to his? A. Yes.

Q. Your interview lasted 20 minutes? A. I would say about that.

Q. And at the end of that time you got your certificate? A. Yes.

Q. And came away with it? A. Yes.

Q. Were you requested to return it later on? A. I was not.

Q. By Mr. Fielding or anybody else? A. Never had any hint of such a thing.

Q. Until you got this certificate I suppose no moneys could be paid to anybody? A. Well, as a matter of fact they were, and as a matter of law I found out afterwards it was wrong.

Q. Did Lindsay, for instance, get any money before the certificate was issued? A. Yes.

Q. Who from? A. From me.

Q. To what extent? A. Could not say offhand.

Q. On what account? A. On account of commissions.

Q. Where did you get the money? A. I got it from the provisional board.

Q. Out of what moneys? A. Out of moneys paid in by shareholders.

Q. I have the minutes here of the first meeting in which it appears that a number were present representing 1,807 shares in person, and that the following subscribers were present by proxy, W. R. Travers, Toronto, 1,333 shares; W. G.



Lindsay, 1,899 shares, and one or two others amounting to 3,401. Who was elected at that meeting as president? A. At the directors' meeting following the subscribers' meeting Dr. Nesbitt was elected.

Q. I am speaking now of the subscribers' meeting.

MR. COMMISSIONER: They would not elect the president.

MR. HODGINS: No, they would elect the directors.

Q. I see you prove the notice of the meetings, appointed scrutineers, and the directors elected were Colonel McLennan, Colonel Munro, Robert Noble, Allen Eaton, W. G. Sinclair, Dr. Beattie Nesbitt, N. M. Deveau and John Gilchrist. I see the secretary read the provisional directors' report; was that Mr. Smith? A. No, I was the secretary that time.

Q. You read the report of the provisional directors? A. Yes.

Q. And they reported: "The Board have to report in the first place that they have the sum of \$579,200 bona fide subscribed and out of the subscriptions thereon they have paid into the Treasury Department of the Dominion Government the sum of \$250,000, and that the expenses of the organization up to date, as far as has been paid by the Board amounts to the sum of \$41,291." I have the original report here of Mr. Lown's in which that figure is considerably more; will you tell me how that came to be altered at that meeting? A. There is a difference of \$3,000 according to that.

Q. Yes, do you know how that happened? A. No, I suppose there has been some mistake in entering up that amount; I could not tell you now.

Q. Could you tell at what figure that was carried into the permanent books of the bank when it was opened? A. The books would show that; \$41,000 it reads there, and \$44,000 here (in EXHIBIT 15).

Q. You cannot explain the difference? A. No. Some director may have taken some exception to some item of \$3,000 that did not belong there. I could not say what it was.

Q. Following the giving of the certificate what payments were made to Mr. Lindsay? A. I made several payments to him, I do not remember.

Q. Do you remember making a payment to him of \$10,000? A. I think there were several payments made to him.

Q. I mean immediately afterwards? A. Yes, I remember issuing a cheque to him for that amount.

Q. Out of what moneys was that money paid? A. Out of the funds of the bank that the subscribers had paid in.

Q. I suppose it could not very well have been paid out of anything else? A. No other moneys to pay it out of.

Q. I will just get you to look at these cheques and see if these were paid and paid out of that amount—would these cheques all have been paid out of that amount (7 cheques)? A. Yes, all these were paid out of the funds that were on hand paid in by the subscribers.

EXHIBIT 35—Seven cheques referred to.

Q. Would you look through these earlier ones for me and tell me which you refer to when you said you paid Lindsay \$3,000 prior to this date? A. Part of that cheque, and he got part of that cheque.

Q. Dated May 23rd, 1906, for \$3,000? A. He got \$1,986 of that.

Q. Is that right? A. Yes, there is a deposit I made to his credit.

Q. Then there is this cheque of June 5th, 1906, for \$1,805, of which he got \$1,189.50? A. Yes.

These two cheques of May 23rd, 1906, and June 5th, 1905, were made part of EXHIBIT 35.

Q. What became of the \$10,000 that was paid; was that paid to you immediately after the certificate was granted, or was it paid to Lindsay? A. I think there were two \$10,000 cheques, I do not know if they were paid to Lindsay or not.

## SESSIONAL PAPER No. 153a

Q. Here is a cheque which is EXHIBIT 28, Travers to W. J. Lindsay, \$10,000? A. Yes, this was charged up to my commissions and paid to Lindsay. Lindsay drew the cash for it at the bank.

Q. What did he do with it, do you know? A. I want to understand why you ask that question.

Q. Because I think I know what he did with it, and I want you to say? A. I would rather not tell it unless I have to.

MR. COMMISSIONER: What bearing has it on this Inquiry, what he did with it unless that came back to Travers?

MR. HODGINS: It went to a third person, and I want to ask him about it.

MR. COMMISSIONER: Has it anything to do with this Inquiry?

MR. HODGINS: I think so; I think it is necessary to trace up what has become of the money that has gone into the Bank that they got from the subscribers and what was done with it immediately after the charter was issued?

MR. COMMISSIONER: I suppose if you take the responsibility of saying that the question is proper. A. Mr. Commissioner, there might be a dispute over that, and I would rather not answer it. Of course if you say I must I will.

Q. A dispute between whom? A. As to part of that cheque.

Q. As to what became of it? A. Yes.

Q. You might differ from somebody else? A. Yes.

Q. I think you should answer it? A. You think I should?

Q. I think you should, Mr. Hodgins says he thinks it is relevant to the Inquiry? A. \$5,000 of that was paid to Beattie Nesbitt.

MR. HODGINS: Q. To your knowledge? A. Yes.

Q. Was the cheque drawn with that intention? A. I thought so, yes.

Q. This is dated December 6th, when was he appointed president? A. On the 26th November, the day of the organization meeting.

Q. And this was charged against your commission? A. Yes. Lindsay had no account whatever with the bank; he was entirely a sub-agent of mine and everything he got passed through my account to him.

Q. There was a check for \$6,000 to Lindsay which I am looking for, do you remember that? A. I could not say.

Q. That check (EXHIBIT 28) you say was drawn by Lindsay in cash? A. Yes, Lindsay drew the cash at the bank for that himself.

MR. COMMISSIONER: Was Lindsay asked about this check? A. Yes, sir, I heard him deny the evidence that I was prepared to give.

MR. HODGINS: Where; here? A. Yes, I heard him deny what I would swear to.

Q. What you have stated? A. Yes.

Q. Do you know what that was paid for? A. It was paid for Dr. Nesbitt's stock; he subscribed for \$5,000 and afterwards for \$5,000 more, and he had some arrangement by which Mr. Lindsay paid his first \$5,000, and there was a round about way of doing it to get it squared up.

Q. Had he subscribed for \$5,000 or for \$10,000 before the organization meeting? A. His first subscription if I recollect properly was \$5,000 and then it was changed to \$10,000, that is to say one was destroyed and another one put in its place.

Q. What did Dr. Nesbitt do with the money? A. You will have to ask him that.

Q. I thought you said it was paid on his stock; I want to know who got it? A. That was the intention; Lindsay paid the money over to Nesbitt, and Nesbitt paid it over to the bank.

Q. Who did he pay it to? A. I exchanged another cheque of \$5,000 with Nesbitt for it.

Q. On what bank? A. That is to my recollection—

Q. On what bank? A. On the Traders Bank.

Q. Do I understand that Dr. Nesbitt brought you in this? A. We were there together.

Q. This money that Lindsay had drawn out of the bank and given to him did he bring it in to you? A. I was there when it was paid to him.

Q. Where was he? A. In the office of the Farmers Bank on the corner of Bay and Adelaide Sts. upstairs.

Q. And what did he do with that cash? A. Who, Nesbitt?

Q. Nesbitt? A. My recollection is he gave it to me and I gave him back another cheque for \$5,000.

Q. On the Traders Bank? A. Yes.

Q. What did he do with that? A. That paid his stock up.

Q. What did he do with the cheque? A. It was passed into the Accounting Department to pay up his stock.

Q. Why did not you pass in the cash? A. We had a reason for not doing it at that time.

Q. What was the reason? A. I do not remember.

Q. It looks to me as if he had given you the money and you had made a cheque which he afterwards got? A. Yes, that is my recollection of it.

Q. And he afterwards got the money on that cheque? A. He got credit for his stock on it.

Q. What became of the money, did you keep it? A. I do not know, I think I used it for some other purpose.

MR. COMMISSIONER: It did not go into the bank. A. No, sir.

Q. You exchanged your cheque for it? A. Yes, sir.

MR. HODGINS: Your own personal cheque? A. No, it was another bank cheque I exchanged for it; that is my recollection. My memory is not quite so good as it was then, but that is my recollection of it. It has been so contradicted that I am puzzled to say what were exactly the facts.

Q. MR. COMMISSIONER: This was \$10,000 on account of your commissions practically? A. Yes.

Q. You handed it over to Lindsay, Lindsay cashed it; he must have gone out of the office to cash it? A. He did; he went out to the Traders Bank.

Q. And brought back \$10,000? A. Yes.

Q. And gave \$5,000 to Dr. Nesbitt? A. Yes, sir.

Q. Which he handed to you, and you gave him the bank's cheque for it? A. For \$5,000.

Q. Why the bank's cheque. A. To pass through the Accounting Department, a cross entry.

Q. He just bought a cheque from you? A. Yes.

Q. And that cheque he used to pay up his stock? A. Yes.

MR. HODGINS: That cheque was drawn on whose account? A. On my account.

MR. COMMISSIONER: Which cheque are you speaking of? A. \$5,000, another cheque drawn to me for commission.

MR. HODGINS: You say he gave you \$5,000 in cash? A. Yes.

Q. You gave him a cheque which you said was a bank cheque? A. Quite so.

Q. Payable to yourself? A. Yes.

Q. And that cheque you handed to him? A. Yes.

Q. And on whose account was it drawn? A. On the Farmers Bank account on the Traders Bank.

Q. What was it charged to? A. To my commissions.

Q. In addition to the \$10,000 which Lindsay drew out, there was an additional \$5,000 from the Traders Bank? A. Yes, there was \$15,000.

Q. \$5,000 of that went to the credit of Dr. Nesbitt's stock? A. It did, that is my recollection.

Q. Leaving \$5,000 in your hands? A. Yes.

## SESSIONAL PAPER No. 153a

Q. And of course you had kept one-half of the \$10,000 yourself? A. No, I did not.

Q. Who had the other half of it? A. Lindsay.

Q. So you got \$5,000, Lindsay got \$5,000, and Dr. Nesbitt got \$5,000 and paid up his stock with it, that is what it comes to? A. Yes, that is right.

Q. Then we will find that \$5,000 cheque on the same date? A. You will find it that date or the next day.

Q. Did not you give Dr. Nesbitt your cheque that day? A. Yes, but my recollection is the cheque of \$5,000 that was given to Nesbitt was dated a day ahead.

Q. What was the purpose of that? A. I cannot say that.

MR. COMMISSIONER: He suggested that they did not want to show how the transaction took place? A. There was some reason for concealing or for hiding the exact transaction at that time, I don't remember what it was.

MR. COMMISSIONER: I rather gathered that was what the witness meant by a round about way? A. Yes.

MR. HODGINS: It is a fact that not one of your cheques would show anything as to what they were used for, that you never drew a cheque that should tell in any way what it was for? A. No, I did not, not all my cheques, a great many cheques.

Q. All except your grocery and other accounts, did not you make that statement in regard to it? A. Yes, I think I did.

Q. Is it right? A. I should say so, I think to a large extent.

Q. You know how this cheque was payable? A. Yes, my recollection is it was payable to myself.

Q. And endorsed by you? A. Yes.

Q. Was it handed over to Dr. Nesbitt? A. It would have to be handed to him. Why would he give me the money if he did not get the cheque?

Q. Was it handed? A. That is my recollection, yes, but I am not sure.

Q. Who would be the accountant or person who would get that cheque? A. Mr. Fitzgibbon can tell whether that was the entry made for the stock or not, I cannot tell.

MR. COMMISSIONER: Does the book show that on that day the stock was paid up?

MR. HODGINS: I cannot recollect that for the moment; I will verify that.

MR. COMMISSIONER: Where is the cheque he is now speaking of?

MR. HODGINS: I have not seen it? A. I have seen that cheque a dozen times at the different trials.

Q. It will be produced in due course, but I do not recollect ever having seen it and I have not it here. I will have that cheque you speak of hunted up and all the entries about that.

Q. You had an agreement with these provisional directors at the start, had not you? A. I had.

Q. And you remember a letter being got, don't you, by one of them, from Mr. Urquhart, in reference to the notes being taken for stock subscriptions? A. Yes, I remember a letter coming in from Mr. Urquhart.

Q. That is said to be a copy of it (EXHIBIT 21)? A. I heard Mr. Urquhart's evidence and that was correct.

Q. Do you notice the date of that? A. The 26th June, 1906.

Q. The provisional directors have all been examined and they seem to think it was a perfectly proper thing for you to have made that agreement with them on July 4th; will you just give me the history of it from your point of view? A. Between the time that the first agreement was made with me, that would be on the 12th March and the 4th July everything ran very smoothly until one Saturday that Mr. Lindsay brought in an unusually large number of subscriptions and then they

refused to allot them unless I made a new agreement with them; that was the origin of the second agreement.

Your agreement of March, did that contain the provision that they should allot? A. I do not think so.

Q. Were you to be paid on allotment your commission? A. I was to be paid half on the payment of 10% by the individual shareholder, and the other half when the stock was on allotment.

Q. I see at a meeting of the provisional board dated 23rd June, it was moved by Mr. Fraser, and seconded by Mr. Gallagher: "That instructions be given to Mr. Travers that no notes be accepted in lieu of cash for payment of stock, and that no agent or sub-agent employed by him accept the same, but the conditions set forth in the form of application be adhered to on a cash basis unless otherwise specially ordered by the Board." Were you notified of that? A. I was notified of it, yes.

Q. And I see the letter from Mr. Urquhart is dated after that; was it got in consequence of that notification to you or how did it come to be considered together? A. I think that when they found I was willing to make the new agreement to pay them more money that they were satisfied to get legal advice on it and make it satisfactory, that is my recollection.

Q. They would not allot them the large number? A. They refused to allot them.

Q. What was their objection? A. I cannot say which one of them told me that they would not allot them, one of them certainly did, because I would have control and would put them on the outside.

Q. What is the meaning of that? A. It meant to say I would have the voting power at the shareholders' meeting and could do as I wished; that is what I understood from the conversation.

Q. Is that conversation prior to this agreement of the 4th July? A. Yes, it was.

Q. And was anything further said to you beyond the fact that they would not allot because you would have the balance of power? A. They said they wanted \$10,000 on account of the new agreement.

Q. This is before the agreement at all? A. I do not remember anything more than that; there might have been, I cannot recall it just now.

Q. You agree in the agreement to pay them \$20,000? A. Yes, half down and half after the bank was organized.

Q. One or other of the provisional directors stated something to the effect that they were much more moderate than you; that you wanted to give them a much larger sum, or that they were entitled to a much larger sum? A. I contradict them all on that point; I heard their evidence here.

Q. What do you say about that? A. I say I was unwilling to give them as much as \$20,000, but I was practically forced to do it.

Q. What hold had they on you? A. I would have been down and out, that would have been all the hold they had on me; I could not have gone any further.

Q. This agreement of the 4th July, part of EXHIBIT 12, recites your 12th March agreement and its annulment, and they to allow you to sell what is still unsold, and to allow you 10% commission, and then it makes provision for engaging you at \$5,000, which was \$1,000 increase over the old one? A. I think so.

Q. And a pension. And then Smith agrees to surrender certain rights he had, and you agree to accept the legitimate accounts as they now stand upon the books for expenses of the organization to date, and to allow the directors and Smith the sum of \$20,000 as remuneration for their services, surrender of charter, etc., to be paid out of the funds of the bank, provided the same be confirmed at a meeting of the subscribers; you to have full control of the office of the bank and of all its affairs immediately after the making of this agreement. Up to that time and the making of that agreement was there any agreement between you that you should pay the provisional directors for their services? A. No, I had no say whatever, I

## SESSIONAL PAPER No. 153a

did not attend their meetings, I knew nothing of what was going on beyond the fact that I was getting stock and was getting near the mark which would comply with the written agreement.

Q. Out of what was that \$20,000 to be paid? A. To be paid out of the subscribers' money, it was paid out of that, I mean to say \$10,000 of it, not the \$20,000.

Q. How is it the same day another agreement is drawn reciting the prior one and you accepting the responsibility for the \$20,000 instead of leaving the responsibility really with the subscribers; how does the second agreement come to be drawn? Would you like to look at it? A. Yes; I would like to see it. Mr. Lown was a solicitor, and I was just trying to recall the reason he had for this. Mr. Lown wished this second agreement made for the purpose of having a receipt attached to it signed by all the provisional board, if I remember right, and I read it over and I did not see anything that conflicted with the other agreement and so I passed it.

Q. I understood that under that one, perhaps I am wrong,—that this \$20,000 was subject to ratification, and in the other that you took the responsibility of getting that ratification, and if you did not get it you were liable for it? A. I did not understand it that way; I found that in the minutes after I got them, but I knew nothing of that at that time.

Q. You found that was their impression afterwards? A. Yes, after I got the minutes; I had not seen the minutes up to that time.

Q. How was it that that agreement having been signed was deposited with a third party and you did not get it until later on? A. It was suggested by Mr. Fraser I think, if I remember.

Q. Was it to be an effective agreement? A. I do not remember the terms of the agreement; I did not keep a copy of it.

Q. It was left anyways with Messrs. Robertson and MacLennan and was not to be delivered up except on the order of the provisional directors? A. Yes.

Q. What was the object of that? A. I suppose the object was to have something to bind me to carry the matter through for them was all I could make out of it.

Q. You paid them \$10,000 on that same day? A. I did.

Q. And how was that money procured? A. It was procured from the Traders Bank out of the funds that were paid in by the shareholders.

Q. Who signed the cheque for that? A. Mr. Lown, I think, and myself.

Q. Under the earlier agreement of the 4th July you were to countersign all cheques? A. Yes.

Q. So that you and Mr. Lown signed the cheque for \$10,000, was the money drawn out or a cheque handed over? A. They were drawn out to my order and I endorsed them and handed them over to them.

Q. Were there more cheques than one? A. There were four cheques; I saw them here a minute ago.

MR. COMMISSIONER: Was that charged to your commissions account? A. They charged it to my commissions account.

Q. What right had they to do that? A. I did not think they had any right; I thought it was understood under that first agreement that it was out of the funds of the bank, and they were holding themselves responsible for it and I was to be held personally liable for it.

Q. There is a statement somewhere, I thought it was on the back of this, of the amounts paid to the various parties, and I just want to ask you one question about that—I don't know just where the memorandum I saw is—out of that cheque Smith got \$2,500 and the others varying sums—I will be able to tell that exactly a little later on when I put my hands on the memorandum? A. I do not think you can prove that by those cheques, how that money was divided up.

Q. I am not asking that; I am telling you I am in a position to prove Smith got \$2,500 out of that? A. I am satisfied he did.

Q. I just want to carry you for a moment down to Ottawa; when you got down to Ottawa you found Smith there? A. Yes.

Q. And his demand was for \$2,500. A. Yes, so Mr. Hunter told me.

Q. And if he got \$2,500 out of this cheque, it would probably be the \$2,500 for the balance, would it not? A. Yes.

Q. You settled with him, didn't you? A. Yes.

Q. How much did you give him? A. \$1,800.

Q. Was that paid in cash? A. No, I gave him an I.O.U. for it to Mr. Smith at that time, and then exchanged it for a cheque later on.

Q. How was it you paid Smith so large a sum as \$1,800 when none of the others got anything beyond a few hundred dollars? A. Mr. Hunter and his solicitor arranged that.

Q. You cannot give any reason for that? A. I have my own reasons, yes.

Q. Were there any reasons expressed down there that led you to settle with him on a different basis? A. Yes, I understood he was going to put a protest in with Mr. Fielding regarding some of the subscriptions.

Q. He was disposed of there, and you afterwards settled with the other provisional directors? A. Yes.

Q. Why did you not pay them the balance— A. I did not think they were entitled to it; I got rid of them as easily as I could.

Q. In other words you had to pay the \$10,000, but you did not have to pay the other? A. I did not have to pay the other and I did not.

Q. I would like to ask you about the subscription of W. J. Lindsay; the subscription is apparently dated on the 22nd October for \$50,000? A. Yes.

Q. If your letter to Lindsay that I have already quoted is correct there was no necessity for \$50,000—when was that subscription made and when was it dated and used? A. Lindsay left the subscription signed in blank with me to be used to complete any amount that we needed, that is my recollection of it, and I filled the date in.

Q. When did you fill the date in? A. I filled the date in on or about near the meeting time, near November 26th, prior to the meeting; I cannot just say what date it was.

Q. You say the 26th November the meeting was? A. Yes, and I dated Lindsay's subscription the 22nd October if I remember right, to comply with the notice that was in the paper.

Q. It would be about a month back? A. Yes, I ante-dated it a month.

Q. When did Lindsay know his subscription had gone on? A. He knew what I was doing all the time; I could not say when he knew it was registered on the books; he must have known of it prior to the meeting.

Q. He does not admit he did? A. I heard his evidence about it.

Q. I would like you to be as definite as you can about it; was any attempt made in the books to make them appear as if this was the correct date; it looks to me as if there was? A. No, I do not think so; I think you will find the subscriptions break off about October 22nd.

Q. Look at this, for instance (Minute book, EXHIBIT 9) you will see that Lindsay's subscription is the very last and the impression is entirely different; do you see his is the very last? A. Yes.

Q. And the minute is dated October 26th, and apparently allotted on that date? A. Yes.

Q. So if what you tell us is right, it is added there, that must have been put in afterwards. Did Mr. Lown, the Chairman, know that? A. I think he could explain that.

Q. Do you know whether he did or not? A. Mr. Lown should know all about it.

## SESSIONAL PAPER No. 153a

Q. We have a duplicate of that list which does not have Lindsay's name on at all; do you know anything about the addition of that in typewriting to that list?

A. It has all been typewritten at the same time.

Q. I will be able to show you that that is not the case, but I want to know what you know about it. Who instructed his name to be put in there under date October 26th? A. I could not say; I may have done so.

Q. Look at this book (Large subscription book, Exhibit 19) what date does that bear for allotment? A. Here is 500, October 26th. A. That is written in in typewriting, the ones before that are both November 24th; do you remember anything about the instructions as to what appeared in this book? A. This book is copied from the other book; I cannot tell you unless I saw the original book.

Q. What is the original book? A. That one, (Exhibit 18).

Q. That appears to be dated? A. The 22nd October.

Q. Whose handwriting is that? A. That is in Mr. Shaver's handwriting.

Q. Did you instruct him to put it in the books? A. I presume I did.

Q. He must have written it in sometime close to the November meeting?

A. My recollection is that from there on up to and including all under October 22nd, that those were written in just prior to the meeting.

Q. And were they ante-dated? A. Some of them were, yes.

Q. Tell me which of those were; there is Lindsay you have spoken of; what about Dr. Nesbitt 100 shares? A. \$5,000 was ante-dated; Lown is ante-dated; Hunter's, I could not say for sure; McCorquodale's ante-dated, the next McCorquodale, and the next McCorquodale; Fitzgibbon was ante-dated, Gallagher was ante-dated; Luxton was ante-dated; Bradley was ante-dated, at least that is my recollection; I am not sure about Mr. Gilchrist.

Q. What about Linton, Richardson, Mitchell and Gilchrist? A. Richardson I think was; I could not say positively about the others.

Q. Luxton was a stock seller at Milton? A. He was working for Lindsay, sub.

Q. Who was Bradley? A. That is another sub.

Q. You think the handwriting of all those was Shaver's? A. It was all Shaver's handwriting, yes.

Q. Under whose instructions? A. I cannot say I gave him instructions about each one of them; we handed over the subscriptions to him and he entered them up, but he was doing his general work under my instructions of course.

Q. Of course if they were all ante-dated he might be merely a copyist putting them down as they were? A. I do not think he copied those in until a few days before the meeting; that is my recollection.

Q. Would that have been after the Laidlaw subscriptions had been got out of the way? A. Yes, it would.

Q. Who is Gilchrist? A. John Gilchrist is an officer in the Crompton Corset Company.

Q. Can you tell and does that book show the amount up to Gilchrist's name, the total amount of stock subscribed? A. Yes, 5,448 shares it shows there if the additions are correct, here, I think they are.

Q. \$596,200 of shares would indicate that there were some 500 shares got after that, would it not? A. Do you refer to the list that was filed with the Government?

Q. Yes? A. I would have to see the list and see why it does not correspond with this; I cannot answer just off hand.

Q. You took the list right down to the time you went to the Government? A. Yes, the list was supposed to be an exact copy of this book.

Q. That was in November? A. Yes.

Q. What had you got according to this book down to? A. According to this it was 5,448 shares.

Q. And the next date in that is December 22nd? A. Yes.



- Q. So that those you have given us are the concluding ones of the whole list?
- A. Yes, I should say they were.
- Q. Prior to getting the certificate? A. Yes.
- Q. Is this the list, Exhibit 17, that went in to the Government, do you know?
- A. That is a copy of it.
- Q. You do not know whether it is the original? A. It is a copy of it; I am sure it is not the original.
- Q. In that book of yours where does the Lindsay subscription come in, after whom? A. After M. Beattie, Campbellville.
- Q. The one immediately after that in this list is W. Beattie Nesbitt, 100 shares? A. That might be.
- Q. I just want to know because I do not see any reason why it should be put there; why is this Lindsay one put out of its order and away up perhaps two or three places ahead and out of its legitimate order according to that book? A. I could not answer that question. Fitzgibbon ought to be able to answer; he is the accountant that prepared this statement.
- Q. It does appear, I am right, am I not, it does appear out of its order; if you look at the original book you are referring to? A. Yes, it should be near the end.
- Q. You will find the Beattie Nesbitt, the Lown, and these others all in their proper order a couple of pages over. In the prospectus filed in Ottawa there are a number of names given—on the prospectus that was filed with your application—a number of names given as directors that have sworn they had not agreed to be directors: Major Beattie and Calvert? A. So far as Major Beattie is concerned I think he had a poor memory when he gave that evidence. I called him up on the long distance phone after he had been approached by Mr. Lindsay, or perhaps I should say Mr. Lindsay called him up and then allowed me to speak to him and he asked me who I was, and I told him "You ought to know me; you have known my people for 25 years; we have dealt hundreds and thousands of dollars in your store"; and he said "Oh, yes, that is all right", he said, "I have no objections". He did not exactly tell me I could put his name down but I inferred that he intended that I should, but later on he objected to it.
- Q. And before this prospectus was filed at Ottawa? A. Yes, that was before that.
- MR. COMMISSIONER: Which was,—the objection before or the consent before?
- A. The objection was raised before I had filed the subscription list in Ottawa.
- MR. HODGINS: What you tell us about speaking over the telephone was the original talk you had? A. That would be about March or April, 1906.
- Q. And before this prospectus was filed in Ottawa with the Finance Minister, Major Beattie had withdrawn his consent, whatever it was, to be a member of the Board? A. Yes, he had refused to subscribe for stock to qualify as a member of the Board; therefore, he could not be elected.
- Q. But he had declined to be a director? A. Yes, he declined to subscribe so that he could not be a director.
- Q. He might have consented to be a director and then declined to subscribe?
- A. I understood Major Beattie when his name was put upon the provisional prospectus to have consented to have it there.
- Q. I am only asking now with regard to the date, which is the 27th November, when you verified the prospectus which contains the statement: "The following gentlemen consented to act as directors if elected", whether at that time you did not know that Major Beattie had withdrawn consent he had given, whether by refusing to subscribe or otherwise? A. I knew that, yes.
- Q. Would that apply to John D. Ivey? A. Yes.
- Q. Would it apply to W. S. Calvert? A. Yes.
- Q. To Hon. A. G. McKay? A. Yes.
- Q. Thomas Urquhart? A. Yes.

## SESSIONAL PAPER No. 153a

Q. When you were in Ottawa were you asked anything with regard to the truth of the statements made in the prospectus? A. I did not think they were untruthful at that time.

Q. Were you asked anything about their truthfulness? A. Yes, Mr. Fielding discussed the subscribers' list with me.

Q. What names did he mention? A. He mentioned those Laidlaw names and he mentioned some others that somebody had been kind enough to call his attention to, and I told him there was no provision in the Bank Act to take those names off the list until after the Bank had organized, but that we had sufficient over and above that.

Q. Laidlaw's subscriptions amounted to \$21,300? A. Yes.

Q. What were the others he referred to? A. I cannot say exactly which ones they were; if I remember rightly it was Smith and Davidson of Flint, and Hon. Samuel Merner.

Q. How much was that? A. Five thousand dollars.

Q. That would be fifteen thousand more? A. Then Hon. Mr. Forget, that is \$5,000; and then A. H. Hoover's five thousand more; and he spoke about Lindsay's \$50,000, but he made no objection to it; that is my recollection of it.

Q. Was that at one of the interviews with him, I suppose? A. Yes.

Q. On the first day? A. I think it was immediately after Mr. Calvert introduced me to him.

Q. That was the first interview? A. I think that was the first interview we had, I am not sure about that though.

Q. Then you think somebody had been telling him about the difficulties regarding this list? A. There was no doubt about it that he had been communicated with or been spoken to by numerous people.

Q. Did he ask you about the truthfulness of the prospectus so far as the names was concerned? A. No, I do not think we spoke about that, in fact I am sure we did not.

Q. You know that Mr. Forget is mentioned as one of the directors; did he ask you if he was going to be a director notwithstanding his stock was questioned? A. No, that was not spoken about.

Q. The point was he was getting information from you as to the stock subscription list? A. Yes, the question was as to whether the list of stock subscribers was *bona fide* or not.

Q. The amount you have mentioned comes as nearly as I can make it to \$41,300; there are four of them of five thousand each, and the Laidlaw's subscription \$21,300? A. Yes.

Q. And then there is the Lindsay one, the fifty thousand; those were the ones he asked you about? A. Yes, my recollection is that all of those or some of them at least he asked me about. I could not swear positively every single one was; I know he went over a few of them.

Q. Those are in your mind? A. Yes, those are in my mind as the ones he likely questioned me about.

Q. What explanation did you give about the Laidlaw ones? A. I simply said I left them on the list because I could not take them off, because I did not need them.

Q. What did he say to you? A. He had been served with a letter from Mr. Leighton McCarthy explaining the whole matter to him, so I did not have to tell him anything.

Q. That they had been settled with? A. I think so; I did not read the letter, but that is what I understood was inferred there.

Q. You mean he had been told what had become of the subscriptions? A. Yes, he had been told in the first place about the writ, and in the second place he had withdrawn his objections, and he explained why he had withdrawn them.

Q. In discussing that did he speak as to the statement in Mr. McCarthy's letter as to the way in which the deposit was being raised? A. No, he did not speak about that at that time.

Q. "I received information," Mr. McCarthy says, "that alleged subscribers for shares paid a large sum of money in cash and have signed notes for other large sums of money and that the persons professing to act in the name of the Bank have transferred notes and received proceeds, and that a deposit either has been made or will be made of the cash received and the proceeds of those notes or a sufficient amount to make up \$250,000". Was that element of it discussed? A. The first I heard of that was Mr. Fielding wrote me a letter.

Q. On the first occasion there was no discussion of that? A. No, my recollection is there was nothing said about that at that time.

Q. He was discussing with you the getting rid of them, he took that up with you? A. Not as to detail, just in a casual way that we had settled it.

Q. He just treated it in a casual way? A. Yes.

Q. Did you assure him they had? A. I told him it was arranged.

Q. Why did you volunteer the remark you were leaving them there in the list? A. Because there was nothing in the Bank Act which would permit me to take them off the stock list once they were put on there.

Q. Did he assent to that? A. I do not remember; there is nothing that enables us in the Bank Act to take them off.

Q. Therefore you were obliged to send them in? A. I had them sent in, they were in.

MR. COMMISSIONER: They were in; he could not get the thing back to change it; it was there.

MR. HODGINS: Is that what you meant, because you had sent it in to him you could not change it? A. Yes.

Q. I understood you to mean after the subscription was once taken you could not change it? A. I will say that as well.

Q. What did you tell him? A. I told him there was no provision in the Bank Act to remove those subscriptions.

Q. From what? A. From the subscription list, from that book.

Q. After he had the list that you had sent him in, is that what you mean? A. Yes, exactly.

Q. Did he assent to that view? A. I do not think he expressed any opinion about it.

Q. Why did you say "we have enough without that"? A. I called his attention that we had more than five hundred thousand dollars, that even if those were eliminated we had sufficient left.

Q. How much had you then? A. The subscription list shows \$579,000, I think.

MR. COMMISSIONER: \$579,200 is what this document shows (EXHIBIT 17).

MR. HODGINS: The printed one is \$578,900, and there were thirty five hundred shares, but those were taken afterwards? A. What list are you referring to?

MR. COMMISSIONER: Those are on separate paper; they are apparently included in that lot.

MR. HODGINS: You see at the bottom, you will find the total (in printed return)? A. This is a true copy of the list I sent in (EXHIBIT 17).

Q. At that time if you had deducted Lindsay as well as those others you would not have had over \$500,000? A. No, we would not.

Q. What was the discussion with regard to the Forget subscription, what did Mr. Fielding say about that? A. I cannot swear that he said anything directly about that, but he said there were some conditional subscriptions, he understood, and I said that those would be replaced, but in the meantime we had enough without them; that is my recollection of my conversation with him.

## SESSIONAL PAPER No. 153a

Q. Were the names mentioned that you have given me here? A. There were some names mentioned, but I cannot swear to each one of them; there were some mentioned.

Q. The Forget subscription was a conditional subscription? A. Yes, it was written on the face of it.

Q. Two men in Flint were conditional subscriptions, were not they? A. There was nothing to indicate that they were conditional.

Q. But you knew it? A. Yes.

Q. And Hoover's was? A. Hoover's was written on the face of the subscription itself.

Q. Is that one of those you mention? A. Yes. My recollection is I mentioned that; the original subscriptions were sent to me at Ottawa.

Q. Original subscriptions? A. I had them all there.

Q. Do you mean the whole bunch? A. Those papers like that that represented every subscription that was on the list. (Similar to subscription form in EXHIBIT 25).

Q. Was that after your conversation with Mr. Fielding? A. After first one.

Q. Did you telegraph for them? A. Mr. Hunter came back and had them sent down.

Q. Mr. Hunter came back and had them sent down to you? A. Yes.

Q. That is the subscriptions which are similar to this exhibit 25? A. Yes, the original subscriptions signed by the subscribers themselves.

Q. You would get that naturally a couple of days after Mr. Hunter left; if he left at night and got here in the morning you would get it on the following morning? A. Yes.

Q. You were prompted I suppose by Mr. Fielding's interview to get those? A. Yes. I think I told Mr. Hunter that there might be some questions come up. I think he advised me to get them, and said he would attend to it when he went back.

Q. And they actually reached you in Ottawa? A. They reached me in Ottawa.

Q. Had you promised Mr. Fielding to get them? A. I could not say.

Q. Did you show them to him? A. I showed them to somebody, I do not remember whether it was Mr. Fielding or Mr. Boville, or somebody else in the Department, I could not say. My recollection is I showed them to somebody.

Q. You showed this pile of papers? A. My recollection is I showed them to somebody.

Q. Nobody suggested that; is your recollection clear upon it? A. I remember having the subscriptions there, and somebody looking at them; I do not know whether it was at the Department or whether it was Mr. Guthrie; I do not remember that now. My memory is not as good as it was a few months ago.

MR. TRAVERS: Mr. Commissioner, in bringing me up could not you see that they give me refreshments? I have had nothing to eat since 7 o'clock?

MR. COMMISSIONER: That ought to be seen to; it ought to be done by the Commission.

MR. HODGINS: I had no idea of that, and if you had mentioned it before I would have seen to it. Mr. Thompson will see that the officer is provided with money for that purpose.

The Commission adjourned at 4 p.m. until 11 a.m., tomorrow.