

In the Privy Council.

No. 70 of 1937.

ON APPEAL FROM THE COURT OF APPEAL
OF ONTARIO.

BETWEEN

LESLIE COLBATCH CLARK, Trustee of the Estate of
Vernon Wright Worsdale, a Bankrupt - - (Plaintiff) Appellant

AND

THE YUKON CONSOLIDATED GOLD CORPORATION
LIMITED - - - - - (Defendant) Respondent.

RECORD OF PROCEEDINGS.

PART I.

INDEX OF REFERENCE.

No.	Description of Document.	Date.	Page.
IN THE SUPREME COURT OF ONTARIO.			
1	Statement of Claim - - - - -	23rd November 1934 -	1
2	Statement of Defence - - - - -	8th December 1934 -	3
3	Reply and Joinder of Issue - - - - -	4th June 1935 -	5
4	Memorandum of Order of Mr. Justice Henderson endorsed on Record.	20th June 1935 -	6
5	Further Statement of Defence - - - - -	3rd September 1935 -	6
6	Joinder of Issue - - - - -	12th September 1935 -	7
7	Opening Proceedings at Trial - - - - -	28th October 1935 -	8

No.	Description of Document.	Date.	Page.
<i>Plaintiff's Evidence.</i>			
8	Vernon Wright Worsdale :		
	Examination - - - - -	28th October 1935 -	11
	Cross-Examination - - - - -	28th & 29th October 1935.	24
	Re-Examination - - - - -	29th October 1935 -	63
9	Arthur N. C. Treadgold :		
	Examination - - - - -	29th October 1935 -	71
	Cross-Examination - - - - -	29th & 30th October 1935.	76
	Re-Examination - - - - -	30th & 31st October 1935.	132
<i>Defendant's Evidence.</i>			
10	George R. F. Troop :		
	Examination - - - - -	31st October & 1st November 1935.	158
	Cross-Examination - - - - -	1st November 1935 -	187
	Re-Examination - - - - -	1st November 1935 -	212
11	Stewart Brown :		
	Examination - - - - -	31st October 1935 -	165
12	John Thomas Patton :		
	Examination - - - - -	1st November 1935 -	213
	Cross-Examination - - - - -	1st November 1935 -	218
13	Charles A. Snowden :		
	Examination - - - - -	1st November 1935 -	225
14	Charles E. McLeod :		
	Examination - - - - -	1st November 1935 -	226
	Cross-Examination - - - - -	1st November 1935 -	227
15	Sally Silk :		
	Examination - - - - -	8th November 1935 -	228
	Cross-Examination - - - - -	8th November 1935 -	230
16	Edgar M. Williamson :		
	Examination (<i>On Commission</i>) - - - - -	8th November 1935 -	232
17	Leslie Colbatch Clark :		
	Examination for Discovery - - - - -	8th November 1935 -	234
18	Edwin Charles S. Kenward :		
	Examination (<i>On Commission</i>) - - - - -	8th November 1935 -	239
19	John Arthur Dunn :		
	Examination (<i>on Commission</i>) - - - - -	8th November 1935 -	240
	Cross-Examination - - - - -	8th November 1935 -	244
	Re-Examination - - - - -	8th November 1935 -	246
20	James William Clark :		
	Examination (<i>On Commission</i>) - - - - -	8th November 1935 -	248
21	George Goldthorpe Hay :		
	Examination (<i>On Commission</i>) - - - - -	8th November 1935 -	250
	Cross-Examination - - - - -	8th November 1935 -	251
22	John Broad :		
	Examination (<i>on Commission</i>) - - - - -	8th November 1935 -	256
	Cross-Examination - - - - -	8th November 1935 -	258

No.	Description of Document.	Date.	Page.
<i>Defendant's Evidence—continued.</i>			
23	Roland Charles Feilding : Examination (<i>On Commission</i>) - - - - - Cross-Examination - - - - -	8th November 1935 - 8th & 22nd November 1935.	261 289
	Re-Examination - - - - -	22nd November 1935 -	345
24	Frederick Wm. Corbett : Examination (<i>On Commission</i>) - - - - - Cross-Examination - - - - - Re-Examination - - - - -	22nd November 1935 - 22nd November 1935 - 22nd November 1935 -	349 370 390
25	Discussion - - - - -	22nd November and 5th December 1935 -	392
<i>Plaintiff's Evidence in Reply.</i>			
26	John Thomas Patton (Recalled) : Examination - - - - - Cross-Examination - - - - -	5th December 1935 - 5th December 1935 -	395 395
27	Formal Judgment of Jeffrey, J. - - - - -	15th February 1936 -	396
28	Notice of Appeal - - - - -	29th February 1936 -	397
29	Reasons for Judgment of Jeffrey J. at trial -	26th September 1936 -	398
IN THE COURT OF APPEAL OF ONTARIO.			
30	Reasons of the Court of Appeal of Ontario delivered orally at conclusion of hearing of Appeal.	28th September 1936 -	407
31	Order of Court of Appeal - - - - -	28th September 1936 -	408
32	Order admitting Appeal - - - - -	10th March 1937 -	408

In the Privy Council.

No. 70 of 1937.

ON APPEAL FROM THE COURT OF APPEAL
OF ONTARIO.

BETWEEN

LESLIE COLBATCH CLARK, Trustee of the Estate of
Vernon Wright Worsdale, a Bankrupt - - (Plaintiff) Appellant

AND

THE YUKON CONSOLIDATED GOLD CORPORATION
LIMITED - - - - - (Defendants) Respondents.

RECORD OF PROCEEDINGS.

No. 1.

Statement of Claim.

IN THE SUPREME COURT OF ONTARIO.

Writ issued the 6th day of November, 1934.

BETWEEN

LESLIE COLBATCH CLARK, Trustee of the Estate of Vernon
Wright Worsdale, a Bankrupt - - - - - Plaintiff

AND

THE YUKON CONSOLIDATED GOLD CORPORATION LIMITED - Defendant.

10 Amended this 20th day of December, 1934, pursuant to the Order of
the Master S.C.O. dated December 20th, 1934.

“D'ARCY HINDS,”
Registrar S.C.O.

1. The Plaintiff resides in the City of Brighton, in the County of Sussex,
England, and is Trustee-in-Bankruptcy of the Estate of Vernon Wright
Worsdale of Little Frankham, Mark Cross, in the County of Sussex, England.

*In the
Supreme
Court of
Ontario.*

—
No. 1.
Statement
of Claim,
23rd Nov-
ember, 1934.

*In the
Supreme
Court of
Ontario.*

No. 1.
Statement
of Claim,
23rd Nov-
ember, 1934
—continued.

2. The Defendant is a Company incorporated under the Laws of the Dominion of Canada, having its head office at the City of Ottawa, in the Province of Ontario.

3. The Plaintiff as Trustee of the Estate of the said Vernon Wright Worsdale is the owner for the said Estate and others of 1,663,900 shares of the capital stock of the Defendant Company, and is the holder of share certificate No. 0369 dated the 8th day of May, 1930, for the said 1,663,900 shares, which share certificate was assigned in good faith and for value to the said Vernon Wright Worsdale on or about the 19th day of July, 1930, by one A. N. C. Treadgold, and which certificate was delivered to the said Vernon Wright Worsdale by the said A. N. C. Treadgold at that time. 10

4. Shortly prior to this time the said A. N. C. Treadgold executed and delivered a Deed to the said Vernon Wright Worsdale dated the 10th day of July, 1930, whereby he assigned to the said Vernon Wright Worsdale for the consideration set out in the said Deed 1,750,000 ordinary shares in The Yukon Consolidated Gold Corporation Limited. The balance of the shares included in the said Deed over and above the 1,663,900 represented by share certificate No. 0369, were included in another certificate for 116,100 shares, being certificate No. 0370 of the Defendant, and this certificate the said Vernon Wright Worsdale permitted the said A. N. C. Treadgold to retain and these said shares were hypothecated by the said A. N. C. Treadgold as security for a loan, on repayment of which and the return of the said certificate to A. N. C. Treadgold the Plaintiff will be entitled to a transfer of 86,100 of the shares included in said certificate. The Plaintiff asks leave to refer more specifically to this Deed at the trial of this action. 20

5. Subsequently, in the month of March, 1934, a demand was made on the Defendant Company on behalf of the said Vernon Wright Worsdale for the transfer of said certificate No. 0369 by the Defendant. No definite reply being received from the Defendant, on or about the 11th day of April, 1934, a tender was made on the Defendant of said share certificate No. 0369 with the request that the same be transferred to the said Vernon Wright Worsdale, which request was refused. The Defendant has refused and still refuses to register the transfer of the 1,663,900 shares in the Defendant represented by certificate No. 0369 to the said Vernon Wright Worsdale. 30

6. The Plaintiff therefore claims :

(1) A Declaration that as Trustee-in-Bankruptcy of the said Vernon Wright Worsdale he is the owner of 1,663,900 shares in the Defendant.

(2) An Order directing the Defendant to register the transfer of the said 1,663,900 shares from the said A. N. C. Treadgold to the said Vernon Wright Worsdale, or, in the alternative, to rectify its Share Register by inserting the name of the Plaintiff as the owner of the shares aforesaid. 40

(3) Damages.

(4) The costs of this action.

7. The Plaintiff proposes that this action be tried at the City of Toronto, in the County of York.

Delivered this 23rd day of November, 1934, by Messrs. McLaughlin, Johnston, Moorhead & Macaulay, 302, Bay Street, Toronto, Solicitors for the above-named Plaintiff.

*In the
Supreme
Court of
Ontario.*

No. 1.
Statement
of Claim,
23rd Nov-
ember, 1934
—continued.

No. 2.

Statement of Defence.

(Filed the 8th day of December 1934.)

No. 2.
Statement
of Defence,
8th Decem-
ber, 1934.

1. The Defendant admits the allegations contained in paragraph 2 of
10 the Statement of Claim.

2. The Defendant denies that the Plaintiff is the owner or holder of shares or share certificates of the capital stock of the defendant as alleged in paragraphs 3 and 4 of the Statement of Claim.

3. The defendant denies that the shares or share certificates referred to in paragraphs 3 and 4 of the Statement of Claim were assigned to Vernon Wright Worsdale as alleged in said paragraphs and denies that any certificate or certificates for shares was or were delivered to said Worsdale as alleged in the Statement of Claim.

4. The defendant denies that the plaintiff will be or become entitled
20 to a transfer of any shares of the defendant as alleged in paragraph 4 of the Statement of Claim.

5. The shares represented by the several certificates mentioned in the Statement of Claim were procured by one A. N. C. Treadgold to be allotted to The North Fork Power Company Limited, or its nominees, without consideration or value therefor and in fraud of the Defendant and of its other shareholders and thereupon without any nomination by the said The North Fork Power Company Limited the said Treadgold fraudulently procured the certificates mentioned in paragraphs 3 and 4 of the Statement of Claim to be issued to him and in his name without payment of any
30 consideration whatsoever therefor.

6. The said certificates are not signed by or on behalf of the Defendant by persons authorized to sign such certificates.

7. In any dealings by the said Worsdale with said Treadgold in respect to the said shares and share certificates the said Worsdale had knowledge and notice of the fraudulent conduct of said Treadgold in respect to said shares and share certificates and of his want of title thereto.

8. By the judgment of this Honourable Court dated the 23rd day of June 1933 in an action of one John Thomas Patton and others as Plaintiffs against this Defendant and the said The North Fork Power Company
40 Limited and the said A. N. C. Treadgold as Defendants (to which judgment

*In the
Supreme
Court of
Ontario.*

No. 2.
Statement
of Defence,
8th Decem-
ber, 1934—
continued.

the Defendant will on the trial hereof ask leave to refer) it was ordered and adjudged that this Defendant's Register of Shareholders be rectified by striking out therefrom the name of the said A. N. C. Treadgold as the holder of shares, including the shares mentioned in the Statement of Claim, and that the said A. N. C. Treadgold do deliver up to be cancelled the certificates therefor, including the certificates mentioned in the Statement of Claim.

9. The name of the said A. N. C. Treadgold was accordingly stricken out of the Defendant's register of shareholders as the holder of the shares now claimed by the plaintiff and this was done prior to any request or demand 10 by the plaintiff or said Worsdale to be entered as holder of the shares now claimed by the plaintiff and before any notice was given to the defendant by or on behalf of the plaintiff or said Worsdale that he or said Worsdale claimed to be the owner of the said shares or to have any interest therein. The defendant claims to be entitled to the delivery up of the certificates mentioned in the Statement of Claim.

10. The Defendant says that the plaintiff by reason of the laches and delay on his part and on the part of the said Worsdale is not entitled to any relief herein, and further that the plaintiff and said Worsdale have 20 stood by while the said Treadgold asserted his continued ownership of the said shares in the aforesaid action and otherwise and is thereby estopped from setting up any title thereto.

11. At and prior to the time when the plaintiff alleges that said Worsdale acquired the shares mentioned in the Statement of Claim from the said Treadgold the said Treadgold was and he is still indebted to the defendant in the sum of over \$250,000.00 besides a large amount in respect of dealings by said Treadgold with the defendant and its assets for which he has been ordered to account to the defendant by the judgment referred to in paragraph 6 hereof.

12. In accordance with the by-laws of the Defendant and of the 30 powers vested in them the Board of Directors of the Defendant have declined to permit the registration of a transfer of any shares by the said Treadgold while he is indebted to the defendant.

13. The defendant denies that any demand was made on behalf of the Plaintiff or any tender or request on his behalf as alleged in paragraph 5 of the Statement of Claim.

14. The defendant submits that this action should be dismissed with costs.

Delivered this 8th day of December, 1934, by Fasken, Robertson, Aitchison, Pickup & Calvin, 36 Toronto Street, Toronto, Solicitors for the 40 Defendant.

Amended this 4th day of June, 1935, pursuant to Order of the Master S.C.O. dated 23 May, 1935.

“ D'ARCY HINDS,”
Registrar S.C.O.

*In the
Supreme
Court of
Ontario.*

No. 3.
Amended
Reply and
Joinder of
Issue,
4th June,
1935.

No. 3.

Amended Reply and Joinder of Issue.

1. In reply to Paragraphs Five and Seven of the Defendant's Statement of Defence, filed, the Plaintiff says that at no time did Vernon Wright Worsdale, referred to in the said Statement of Defence, have knowledge of
10 any fraudulent conduct on the part of A. N. C. Treadgold toward the Defendant, or of his want of title to the shares in question, and denies that there was any fraudulent conduct on the part of the said Treadgold, or any want of title to the said shares in the said Treadgold.

The Plaintiff further says that certificate number 0369 and certificate number 0370, being the share certificates in question herein, having been issued by the Defendant Company, duly signed by its proper officers, and sealed with its seal the Defendant Company is estopped from denying the validity of the said certificates in any way, or contesting in any way the fact that they are good and valid certificates for 1,663,900 shares and 116,100 shares respectively in
20 *the Defendant Company.*

2. In reply to Paragraph Eight of the said Statement of Defence, the Plaintiff says that the said Worsdale knew nothing whatever of the action referred to by the Defendant until the middle of the month of January, 1934, which was subsequent to the Judgment in the said Action, and shortly prior to the hearing of the Appeal of the Defendant therein. The Plaintiff further says that the said Worsdale applied to the Court of Appeal for Ontario to be added as a party to the proceedings in question, in order that his rights might be protected, and that such application was refused on the grounds that the said Worsdale's rights were not affected by the
30 Judgment in the Action in question, and the Plaintiff craves leave to refer at the Trial of this Action to the reasons for Judgment of said Court of Appeal in refusing such application.

3. In reply to Paragraph Nine of the said Statement of Defence the Plaintiff says that if the said shares therein referred to as registered in the name of A. N. C. Treadgold on the books of the Defendant were stricken out of its register of shareholders, as alleged in the said Paragraph, they were so struck out before the final disposition of the Action in question, or after notice of the interest of the said Worsdale in the said shares had been received by the Defendant.

40 4. In reply to Paragraph Ten of the said Statement of Defence the Plaintiff says that there were no laches and delay on his part or on the part of the said Worsdale, and he denies that he or the said Worsdale stood by while the said Treadgold asserted his continued ownership in the Action referred to by the Defendant.

*In the
Supreme
Court of
Ontario.*
—

No. 3.
Amended
Reply and
Joinder of
Issue,
4th June,
1935—*con-
tinued.*

5. In reply to Paragraph Eleven of the said Statement of Defence the Plaintiff says that the said Treadgold was never indebted to the Defendant in the sum of Two Hundred and Fifty Thousand Dollars (\$250,000.00), or in any other sum, and further that in the event of the Court holding that the said Treadgold was or is indebted to the Defendant in any sum whatever, that the title of the Plaintiff to the shares in question is not affected thereby.

The Plaintiff joins issue upon the Defendant's Statement of Defence.

Delivered this Fourth day of June, A.D. 1935, by McLaughlin, Johnston, Moorhead & Macaulay, 302 Bay Street, Toronto, Solicitors for the Plaintiff.

No. 4.
Memoran-
dum of
Order of
Mr. Justice
Henderson
Endorsed on
Record,
20th June,
1935.

No. 4.

10

Memorandum of Order of Mr. Justice Henderson Endorsed on Record.

The trial of this action is postponed until the autumn to enable the Plaintiff to apply for a commission to England to take evidence, upon the term that the now pending application before Mr. Justice Fisher for approval of a reorganisation of the capital structure of the company shall proceed, that the Plaintiff shall withdraw all objection to that reorganisation, and that whatever rights he may succeed in establishing in this action shall not entitle him to interfere with such disposition as the Company may make in the meantime of its shares. The Defendant reserves all its rights of defence. The costs occasioned by the postponement to be to the 20 Defendant in any event of the action.

W. J. HENDERSON, J.

June 20th, 1935.

No. 5.
Further
Statement
of Defence,
3rd Septem-
ber, 1935.

No. 5.

Further Statement of Defence (pursuant to Rule 161).

(Filed 3rd September, 1935).

1. Since the delivery of the Statement of Defence herein, and on the 21st day of June 1935, in the presence of Counsel for the Plaintiff who withdrew all objection thereto an Order of this Honourable Court was made by the Honourable Mr. Justice Fisher on the application of the defendant 30 sanctioning an arrangement between the defendant and the holders of the preferred and ordinary shares of the Defendant whereby the preferred shares of the defendant, issued and unissued, were converted into ordinary shares, and it was agreed that there should be issued to the holders of the preferred shares nine ordinary shares for every five preferred shares held by them respectively.

2. Subsequently, on the 24th day of June, 1935, Supplementary Letters Patent were issued amending the Letters Patent incorporating the Defendant and thereby effect was given to the arrangement aforesaid.

*In the
Supreme
Court of
Ontario.*

3. The defendant says that the plaintiff having withdrawn any objection to the approval of the said arrangement by the Honourable Mr. Justice Fisher as aforesaid the plaintiff cannot now in any event claim the number of shares mentioned in the Statement of Claim herein as there are not now unissued to other shareholders sufficient shares of the defendant to satisfy the claim of the Plaintiff and of this fact the plaintiff was well
10 aware when he withdrew all objection to the making of the said order.

No. 5.
Further
Statement
of Defence,
3rd Septem-
ber, 1935—
continued.

Delivered this 3rd day of September 1935 by Fasken, Robertson, Aitchison, Pickup & Calvin, 36 Toronto Street, Toronto, Solicitors for the defendant.

No. 6.

Joinder of Issue.

No. 6.
Joinder of
Issue,
12th Sept-
ember, 1935.

The Plaintiff joins issue on the Defendant's further Statement of Defence.

Dated at Toronto this 12th day of September, A.D. 1935.

20
McLAUGHLIN, JOHNSTON, MOORHEAD & MACAULAY,
Barristers, &c.,
302 Bay Street, Toronto,
Solicitors for the above-named Plaintiff.

To—

Messrs. Fasken, Robertson, Aitchison, Pickup & Calvin,
Barristers, &c.,
36 Toronto Street,
Toronto, Ontario,
Solicitors for the above-named Defendant.

*In the
Supreme
Court of
Ontario.*

No. 7.

Opening Proceedings at Trial.

No. 7.
Opening
Proceedings
at Trial,
28th Octo-
ber, 1935.

Before the Honourable Mr. JUSTICE JEFFREY, at Toronto, commencing
October 28th, 1935.

Counsel:

J. W. MASON, K.C., H. J. McLAUGHLIN, K.C. - For the *Plaintiff*.
R. S. ROBERTSON, K.C., C. C. CALVIN - - For the *Defendant*.

Mr. MASON : Have you been able to read the Pleadings, my lord ?

His LORDSHIP : I read them yesterday.

Mr. MASON : This action is based upon the claim of the Trustee V. W. 10
Worsdale in respect of 1,663,900 shares of the capital stock of the Yukon
Gold Corporation, Limited. That was covered by a certificate dated 8th
May, 1930, certificate No. 0369. There is a claim also with respect to
another certificate, under somewhat different circumstances, which I will
have to make clear to your Lordship, that being certificate No. 0370. That
certificate is for 116,100 shares.

This plaintiff, my lord, does not claim all of the 116,100 shares, but
that amount less 30,000 shares or 86,100 shares.

Mr. ROBERTSON : I was not aware of there being any claim in this
action with respect to the second certificate. The Statement of Claim does 20
not mention anything about it. There is no Particular in regard to it.
It refers to it as being involved in another transaction, and we are sued by
someone else in connection with that.

Mr. MASON : I think my friend is right as to the Prayer. It is a matter
that will arise in another action that is on the list immediately following
this. Apparently this share certificate is in the hands of another holder.
I merely say that this trustee in bankruptcy claims to be entitled to that
number of shares out of the certificate.

His LORDSHIP : Is the holder of the certificate before the Court ?

Mr. MASON : Not the second certificate, not the holder of it.

We say in the month of March, 1934, demand was made upon the 30
defendant Company for the transfer of certificate 0369 and that that
demand was refused.

Now, your Lordship will remember that there has been a great deal
of litigation over the shares of this defendant company, and I want to make
this clear to your Lordship and my friend at the outset. I have already
said something to my friend. There has been a finding in previous litiga-

tion that the defendant in the litigation, A. N. C. Treadgold, who is the assignor of the shares in question before your Lordship was not entitled to the shares in question. I am not going to ask you to try out that issue in this litigation. We are ready to admit for the purpose of this litigation, and you will notice I am putting that qualification on, we are willing to admit that these shares which we are now claiming are part of a number of shares which it was held in the previous litigation that Mr. Treadgold could not claim. It was held he was not entitled to these shares.

I am not therefore, my lord, going to contend in this action or give
 10 any evidence in this action based upon any defence that might be set up that Mr. Treadgold did in fact own these shares. What I am contending here, my lord, is merely this, that in the year 1930, Mr. V. W. Worsdale who was trustee in bankruptcy, the plaintiff in this action, has obtained, and properly obtained, a transfer of this share certificate from Mr. Treadgold, that he did so without any knowledge of anything that would affect prejudicially the title of the shares, that he acquired them in good faith on the strength of the certificate of which he became possessed at that time, and that by reason of what took place between him and Mr. Treadgold he
 20 became entitled to these shares and that the defendant Company is estopped from saying that he is not entitled to a transfer of these shares upon the Company's records.

I will bring evidence to show, unless my friend can admit it later, that the tender of the transfer was duly made and that it was refused.

I should perhaps say one further thing to your Lordship to clear the air before commencing the evidence, and that is this, that in the Statement of Defence there is set up an indebtedness of Treadgold to the defendant Company in a sum which is alleged to be over \$250,000. We, of course, my lord, have no knowledge of that indebtedness, and I have been taking it for the purpose of this litigation that it would mean a very long inquiry
 30 into the affairs of the Company and Mr. Treadgold, and if your Lordship found the plaintiff has satisfied you that he is entitled to the relief asked in this action the proper way would be a reference. If that has to be determined I do not propose to offer evidence as to the state of accounts, as that is not proper evidence to offer you, and that is not evidence that Mr. Worsdale, who will be called on behalf of the plaintiff, could give. I may say to your Lordship also, I understand in the previous litigation reference was directed, and I further understand nothing has been done in the way of proceeding with the reference. I cannot say that with certainty. I know of nothing which has been done with such an inquiry, and
 40 of course, my lord, it would be very unsatisfactory here to make the result of an inquiry depend upon that inquiry, because that would be a matter over which we have no control. It might never be proceeded with, and might defeat our rights.

What I ask your Lordship is to find, in case you find the plaintiff is entitled to judgment, to determine what that is. The reason that is set up is because of a provision in the Dominion Companies Act where directors

*In the
Supreme
Court of
Ontario.*

No. 7.
Opening
Proceedings
at Trial,
28th October,
1935—
continued.

*In the
Supreme
Court of
Ontario.*

No. 7.
Opening
Proceedings
at Trial,
28th Octo-
ber, 1935—
continued.

may refuse to file a transfer of shares, not in respect to any shares, but in respect to any indebtedness.

Mr. ROBERTSON: May I suggest if we can clarify admissions that my friend indicates he is prepared to make it will no doubt shorten the matter very considerably. I do not know, just putting it in the exact terms my friend used, just what he meant, but no doubt my friend was not doing more than indicating the general nature of something he was proposing to do. If my friend is prepared to admit that Mr. Treadgold was not the owner of the shares mentioned in the certificate, and that the shares were not in fact paid for, I have no doubt that covers what I would 10 establish. What the Company and the plaintiff established in the other case, and which my friend has referred to, covers probably what my friend has in mind.

Mr. MASON: I am sorry that my familiarity with the previous case is not more full than it is. I was prepared to admit for the purposes of this action that the re-assignor, Treadgold, was not entitled to the shares at the time when he assigned them to us. I do not think it matters upon what ground that was carried out. I am prepared to go the whole ground in admitting he is not entitled to be a party to this litigation.

Mr. ROBERTSON: A man might be entitled to shares today because 20 he sold to John Smith yesterday and still have the certificate. What had happened in the other case, without going into detail, was that all the shares that were standing in the name of Treadgold in the Company's register were directed to be cancelled, he was not entitled to them. That included these shares, with others. These shares stood in his name. Mr. Worsdale had not been heard of at the time of the trial by us, and the Court directed that all shares in the name of Treadgold be cancelled and the certificates be delivered up. He was restrained from assigning, and he was not entitled to them.

Mr. MASON: I think my admission goes the full length with anything 30 my friend could set up when I am prepared to admit, if my friend wants to go further, that neither at the time of the assignment to us nor any previous time was Treadgold entitled to these shares that we are now claiming.

Mr. ROBERTSON: That goes a lot further. I do not know whether my friend wants to say the shares were not paid for.

Mr. MASON: I think I have gone as far as my friend needs.

Mr. ROBERTSON: What my friend has said will no doubt materially shorten the trial.

Mr. MASON: Your Lordship will note I am making that for the purpose 40 of this action only. If it were not for some other proceeding I would not feel at liberty to do that. I am doing that because I do not think the Court should re-try an action which has already been tried in substance before.

Mr. ROBERTSON: My friend spoke of the matter of indebtedness, now, of course I do not expect your Lordship is going to sit and take an account that we so far found getting too laborious to set about in the former action. My submission is this, when a person is not on the register and seeks to get on the register as owner of shares he is entitled, after making proper demands, to take proceedings. Ordinarily it is taken in the way of a motion for a mandatory order. Perhaps it can be obtained in an action to get himself on the register. Anything that the Company has a right to put forward to justify refusal for putting him on the register, the Company is, in my submission, necessary to the action, and your Lordship cannot try any more than that, my submission is, and I submit your Lordship has no right in an action by a person who is not on the register, who cannot establish a right immediately to get on the register, to try and make a declaration of the rights of the alleged holder of the certificate as against the Company: that is, he has no such right until he gets on the register. The statute says the certificate shall not be good for anything except as between the transferor or the transferee. Perhaps it could be dealt with in another action, but not a motion for a mandamus. Particularly is such an action impossible in the absence of the transferor and transferee.

I am particularly putting myself on the notes that I am not going to ask your Lordship to take any account, but some evidence that will be readily available on the question of a refusal to enter the transfer on the register.

Mr. MASON: I merely wish to add to what has been put forward by my friend, we are asking for a declaration to our right to be registered. This is the only form we can come to to get our relief. It is competent for my friend to give evidence which disposes of the action of the Company, and then it is a matter for your Lordship to determine that matter by reference.

*In the
Supreme
Court of
Ontario.*
—
No. 7.
Opening
Proceedings
at Trial,
28th Octo-
ber, 1935—
continued.

No. 8.

Evidence of Vernon Wright Worsdale.

VERNON WRIGHT WORSDALE, sworn. EXAMINED BY MR. MASON.

Q. Before I examine you I should perhaps tell you we have very great difficulty in hearing in this Court room. You will have to speak a little loudly, if you will. Where do you reside?—A. Sussex, England.

Q. You had some dealings with Mr. Treadgold, and I wish you to inform the Court with reference to a document I am about to produce to you and which will be Exhibit 1 in this action. What is this document? —A. A certificate for 1,663,900 shares in the Yukon Consolidated Gold Corporation, Limited.

Plaintiff's
Evidence.
—
No. 8.
Vernon
Wright
Worsdale.
Examina-
tion.

*In the
Supreme
Court of
Ontario.*

Q. This certificate is the one to which I referred in opening and is dated 8th of May, 1930.

EXHIBIT No. 1: Filed by Mr. Mason. Certificate No. 0369.

Plaintiff's
Evidence.

Mr. MASON: Q. From whom did you secure certificate, Exhibit 1?—
A. From Mr. Treadgold.

No. 8.
Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

Q. When we say Mr. Treadgold we mean Mr. A. N. C. Treadgold who is referred to in the certificate, and who I referred to in my opening statement?—A. Yes.

Q. Did you receive with this Exhibit 1 any other document?—A. I received another certificate and a deed of transfer and a letter. 10

Q. What is this document which I show you and which will be Exhibit 2?—A. That is a deed of transfer which I received from A. N. C. Treadgold.

EXHIBIT No. 2: Filed by Mr. Mason. Deed of Transfer Treadgold to Worsdale.

Mr. MASON: This is a transfer of 1,750,000 shares, and it reads:

“KNOW ALL MEN BY THESE PRESENTS that I, Arthur Newton Christian Treadgold of Dawson, Yukon Territory, Miner for and in consideration of the sum of one dollar receipt whereof is hereby acknowledged and of other good and valuable consideration do hereby 20
sell, bargain and assign to Victor W. Worsdale, of London, England, one million seven hundred and fifty thousand (1,750,000) ordinary shares in the Yukon Consolidated Gold Corporation Ltd.”

Q. What is Exhibit 3?—A. This is a letter from Mr. Treadgold to myself:

“In consideration of your not registering the transfer of the shares of the Yukon Consolidated Gold Corporation, Ltd., which I have today transferred to you I undertake to hand to you any dividends which may be received on said shares and to send you all notices from the company respecting the said shares.” 30

EXHIBIT No. 3: Filed by Mr. Mason. Letter, dated July 10, 1930, Treadgold to Worsdale.

Q. I think you said in addition to these documents I have now put in there was some other certificate?—A. There was a certificate for 116,100 shares.

Q. Did you retain that certificate?—A. Yes, I did.

Q. What became of that certificate?—A. I ultimately parted with it to Treadgold.

His LORDSHIP: Is that the certificate that has been referred to as the second certificate? 40

Mr. MASON: Yes.

Q. Have you any knowledge of what happened to it after that?—A. I understand it was charged by Treadgold to secure a certain loan.

Q. Are you familiar with that yourself, or is that what you heard?—
A. I am familiar with that myself.

Q. I want you to tell us first, does this comprise the certificate you got and what you received from Mr. Treadgold?—A. That is what I got.

Q. Will you tell the Court what took place between you and Mr. Treadgold in connection with the three assignments, the exhibits which have just been produced?—A. I am afraid that would be a long answer. I will go back as far as 1920. In 1920 I was approached by a Mr. Erbslow to finance him in respect of Klondike properties which had been financed
10 by a Mr. Lawrence Harrison to the extent of £40,000 as Mr. Harrison was unable to find further money. I approached Mr. Harrison and Mr. Treadgold together and we discussed it and I agreed to finance Mr. Treadgold. I put up £500 to £1,000, and Mr. Treadgold then proceeded to gather up all the properties in the Yukon and Klondyke which he could. I assisted Mr. Treadgold when he obtained from the Consolidated Gold Fields an option to purchase all their properties in the Klondike and the Yukon for £60,000. These negotiations went on, I think, from 1920 until 1923, and I was continuously finding money to assist in the earlier consolidation of the properties. I think the next stage was that we got Erbslow into the
20 consolidation and Harrison, the Consolidated Gold Fields, and Mr. Patton. I was told by Treadgold———

Mr. ROBERTSON: I do not know that we want what was said by Mr. Treadgold.

WITNESS: It was arranged by Treadgold with myself that as a consideration for my services and my cash I should be made a party in the holding of various Harrison and Gold Fields properties, and that on the consolidation I should receive a block of shares.

Mr. ROBERTSON: This is in writing, I suppose?

Mr. MASON: Was this in writing?—A. This was verbal.

30 Q. Proceed from that point.

His LORDSHIP: He was to receive a block of shares in what company?

WITNESS: I was to receive a block of shares in the Consolidated Company when the Consolidation was completed. I think this would take us to about 1925. From 1925 to 1930 I had very little to do with the consolidation, and beyond finding money for Mr. Treadgold I did nothing. In the summer of 1930 I had not received any shares in the consolidated company nor had any of my friends, nor had any of us received any cash back. It came to my knowledge at that time that the Consolidated Company was being sued by Hadfields of Sheffield for £11,000, and that there were other
40 writs issued or pending against the Company. My friends and myself were getting rather restless, we did not know what shares we were going to get. We were in Treadgold's hands. When I called Treadgold about shares, Treadgold wanted to know how many shares—

Mr. ROBERTSON: Is this in writing?—A. I am afraid you will take it mostly verbal.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 8.
Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

Mr. MASON : If it is in writing tell us, and if it is not in writing give it to us verbally.—*A.* I am giving it to you verbally at the moment.

Q. If there is anything in writing of anything that took place that is the best evidence?—*A.* No, it is not in writing, it is verbal.

Q. You were up to the point where you called Treadgold?—*A.* Treadgold stated that he was quite ready to let me have my shares, and my friends, provided we found more money. I ascertained from Treadgold what money the Company wanted to enable it to carry on and discharge its pressing obligations, and he told me that if I would find him, with my friends, £30,000 he would be able to get the Company going again with that money and the money he got from the Crown. 10

Q. That was mining operations?—*A.* Yes. I just wanted to know how many shares he had in the Consolidated Company which were available for myself and my friends, or belonging to him. He told me he would let me know, and he stated he would transfer the whole of the shares to me if I would undertake to provide him with £30,000 and satisfy any claims which might be made against him by myself and my friends for moneys he had had, properties he had received and services which had been rendered to him, and which properties and moneys he had passed on to the Consolidated Company. 20

Mr. MASON : *Q.* Do I take it by "Consolidated Company" you mean the present Yukon, the defendant company?—*A.* The present Yukon, the defendant company. At this stage I took legal advice.

Q. You can say what you did after taking advice?—*A.* Acting on the legal advice I agreed with Treadgold to the following bargain. I would release him—

His LORDSHIP : Was that in writing?—*A.* This bargain was implemented by the documents which you have as exhibits here. The bargain with Treadgold was that I would release him from all moneys received by him from me and my friends so far as I was able. As far as my friends were concerned I would release him from accounting for any properties, or my property rights in the Lawrence Harrison agreement and the Patton agreement. Patton received shares from Treadgold. 30

His LORDSHIP : Was Patton an associate of yours?—*A.* No, Patton was an associate of Treadgold's. I would pay him a nominal sum, which would be the full value of that debt of 1,750,000 shares. I would find him £30,000 or such sum as he was short of £30,000, and I would protect him—

Q. I do not understand when you say "I would find him £30,000 or such sum as he was short of £30,000."—*A.* The intention was if he could raise what he could I would not have to raise the lot. He was to raise as much as he could and I would find the balance, but not in excess of £30,000. 40

Mr. MASON : *Q.* He was to try to raise £30,000 to keep going?—*A.* Yes.

Q. He was to try and find all he could, and you were going to assist him to make up £30,000?—*A.* That is what he was suggesting, otherwise the shares were worthless. I was to hold 500,000 of the shares which I had purchased in order to satisfy claims by my friends or anyone else against

Treadgold or the company for cash they had let Treadgold have which he had used for the benefit of the Yukon Company or for properties which they let Treadgold have, which he had transferred or caused to be transferred to the Yukon Company.

*In the
Supreme
Court of
Ontario.*

His LORDSHIP : You would hold 500,000 shares altogether?—*A.* Which I had purchased. After I purchased them I would hold 500,000 to prevent litigation against Treadgold or the Yukon Company for claims against Treadgold or the Company by people who had put up money or property and had received nothing.

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

10 *Q.* Does that cover the arrangement that was made?—*A.* It covers the arrangement we made, but the definite consideration in the transfer was one dollar, and for valuable consideration, and under advice I made that consideration in cash £300.

Mr. ROBERTSON : *Q.* Was that paid?—*A.* Yes, that was paid.

Q. It was paid in cash?—*A.* Yes.

Q. Not by cheque?—*A.* Not by cheque.

Q. Was it paid in one sum or four or five sums?—*A.* It was paid in four or five sums as Treadgold wanted cash.

20 Mr. MASON : *Q.* Commencing when?—*A.* Commencing when I received the transfer of the certificates, and ending I think some time in October of 1930.

Q. When, in fact, did you receive the certificate of the transfers?—*A.* I think on the 27th August, 1930.

Q. I notice the certificate or document bearing date the 16th July, 1930.—*A.* I understood from Treadgold—

Mr. ROBERTSON : I object.

Mr. MASON : Do not tell what anybody else told you?—*A.* I know of my own knowledge they were executed in New York.

30 *Q.* You were not there?—*A.* I am afraid I can only tell you what I was told.

Q. You cannot tell us that. You got them on or about the 27th of August?—*A.* They were dated the 10th of July, and my recollection is I was told why they were dated 10th July.

Q. You recollect you got them about the 20th August, 1930?—*A.* I definitely got them.

Q. Where?—*A.* In London.

Q. From whom?—*A.* Treadgold.

40 *Q.* You would not know except what you heard from Treadgold when he returned from Canada to England?—*A.* I got them from Treadgold at that time.

Q. I am going to ask you what you did, and there are things I want you to explain. You referred several times to friends who had assisted Treadgold either with money or property?—*A.* Yes.

Q. Then what did you do?—*A.* We were all looking to Treadgold to let us have something back for our moneys and properties.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 8.

Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

Q. What had you to do with these people before?—A. We were all in the same class, and were all together in that part, we wanted something.

Q. What had you to do with these people previously?—A. I found out what they were advancing, I knew where the cash was going to. I was paying cash myself and we were all wanting something back.

Q. What became of the properties?—A. They were all taken by Treadgold and passed on to the Consolidated Company as I understand.

Q. These were properties in the Yukon?

Mr. MASON : I think I might say to your Lordship, without trespassing, that over a considerable number of years of building up interest in the Yukon these companies were mostly gathered together and combined into one large consolidation, and finally into what is referred to as the Yukon Consolidated Company. 10

Mr. ROBERTSON : If there was a consolidation it is news to me. This man had something to do with it.

His LORDSHIP : Other properties they had acquired, this witness and his friends acquired?

WITNESS : I had put up money for the specific purpose of acquiring properties in the Yukon, and I understood I was in the Lawrence Harrison and Patton agreements. 20

Q. Did you ever see these agreements?—A. I never saw them.

Q. Why did you refer to these properties of your friends, what was done with the properties within the limits of your own knowledge?—A. I only know friends of mine who had properties in the Klondike had parted with them to Treadgold on a promise made by Treadgold they could have shares in the Consolidated Company, and they got nothing.

Q. Can you tell in what properties?—A. I cannot tell the properties, they were leases and shares in existing companies.

Q. You say as a result of that you acquired these documents which were put in as Exhibits 1, 2 and 3?—A. Yes. 30

Q. I want you to tell the Court what if anything you did as a result of obtaining these certificates and these documents.—A. I undertook to transfer to various parties who had claims against Treadgold or the Consolidated Companies 435,000 shares. From 1930 to 1934 I sold or dealt with for consideration to people having nothing whatever to do with Klondike, Treadgold or Yukon 69,000 shares.

His LORDSHIP : The total number of shares dealt in was 69,000, and 435,000, making a total of 504,000.

Mr. MASON : I am keeping them in two distinct groups. There is a group of friends amounting to 435,000, and there is a group of persons acquiring shares who had no interest in the property, amounting to 69,000, is that correct?—A. Yes. 40

Q. Did you do anything else in pursuance of the arrangement with Treadgold in acquiring this certificate?—A. From August, 1930, to September, 1931, I still continued to finance him, and I did not let him

have any money after that. Treadgold raised money from his friends apart from myself amounting to £2,600, and I made arrangements to make that sum up to £30,000, but Treadgold would not take the money.

Q. Do you know why?—*A.* I did not know why at the time, but I know now.

Mr. ROBERTSON: Q. You only know by hearsay?—*A.* I know now from actual knowledge of the litigation that went on between the directors of the Yukon Company from 1931 till 1934.

Mr. MASON: Q. When you say you were to get £30,000 do you mean your own company?—*A.* My own and my friends, as long as Treadgold got £30,000 at his disposal.

Q. You say Treadgold got £26,000 and beyond that £30,000 he made no demand on you?

His LORDSHIP: Q. Do you say you offered to him the difference between £26,000 and £30,000?—*A.* I did not, no sir, the arrangement, my lord, to have the money available for him, otherwise, my lord the shares would have been valueless.

Mr. MASON: Q. Perhaps my friend would save the time by agreeing to this that the litigation with Treadgold was commenced by writ when?

Mr. ROBERTSON: Q. The writ in the Patton action was issued in December, 1930.

Mr. MASON: Q. Were there two actions?

Mr. ROBERTSON: Q. That is the action with respect to the shares. There were three or four actions. That is the action in which Treadgold's status as controlling the company was disposed of.

Mr. MASON: Q. When did you first become aware of any litigation being on foot that involved Treadgold and others in connection with the Yukon property?—*A.* I became aware of a definite result of litigation between the directors and Treadgold I think early in 1934.

Q. Did you take some action at that time?—*A.* I immediately consulted lawyers, Mr. McLaughlin in Toronto.

Q. You instructed Mr. McLaughlin to take certain proceedings on your behalf?—*A.* I came to Toronto and put my position before Mr. McLaughlin, and on his advice, can I say what I did?

Q. I think so.—*A.* A motion was moved before the Supreme Court asking that I might intervene in the litigation.

Q. That was in the Court of Appeal?—*A.* Yes.

Q. An action had been tried and the appeal was being taken to the Court of Appeal, and you instructed Mr. McLaughlin to ask leave to intervene?—*A.* Yes. I attended the motion and the Lord Chief Justice of Ontario dismissed the motion, I think because he said—

Mr. MASON: Q. We will take the record. Just for your Lordship's information the motion was dismissed on the ground that while appearing on the record itself, which I think my friend will let me say we could not be bound by the motion and we had our rights in a separate proceeding.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

Q. I understand you wrote to the Company asking to have these shares delivered to you, to have a certified transfer of the certificate registered in your name?—A. Yes, I did.

Q. It is dated the 20th of February, 1934?

Mr. ROBERTSON: I do not think that is what the letter is about. That is a letter of that date.

Mr. MASON: Is this a letter which you wrote to Mr. Troop of the Yukon Consolidated?—A. This is my letter to Mr. Troop following an interview which I had with Mr. Troop, Chairman and Vice-Chairman of the Company. 10

Q. Where did the interview take place?—A. In the Consolidated office in London.

EXHIBIT No. 4: Filed by Mr. Mason: Letter, Feb. 20, 1934, Worsdale to Troop.

Q. He was then Secretary of the Company. This is not a personal letter. It is headed Mr. Patton and Mr. Hay; who is Mr. Hay?—A. Vice-President of the Yukon.

Mr. MASON: (*Reading*):

"As requested at my interview with you, Mr. Patton and Mr. Hay I beg to explain my interests in Treadgold and your companies. 20
I go back to 1910 taking the intervening period shortly.

In 1910 I started dredging in Alaska as Chairman of the Alaska Exploration Co. Ltd. I had the controlling interest. I borrowed £10,000 from Treadgold which was duly repaid. I continued dredging until 1914.

I was in the Army until 1919. On demobilization I resumed my directorships. I then joined Mr. J. C. Gould, M.P. for Cardiff. I had over £250,000 in cash to my personal credit at the Midland Bank, Stockton-on-Tees in 1920. I continued dredging in Alaska. In 1926 Mr. J. C. Gould, together with his shipping and industrial 30
companies collapsed. I had to face heavy losses. I resigned from my directorships. I realized part of my securities and paid everyone 20 shillings in the £.

During these years 1910–1926 Treadgold had rendered to me great assistance and I was quite content therefore to leave the Yukon and Klondike interests properties and moneys belonging to myself and my friends with him as I had every confidence in him.

I was aware that he had been asked by about three-fourths of the combined interests in the Yukon and Klondike to consolidate and reorganize the field by putting the same on a proper working 40
basis so as to take the benefit of the gold boom we had been waiting for since 1910.

I did not proceed to Canada to actively concern myself personally in this consolidation but left the same to Treadgold.

“ In 1926 acting for myself and others application was made for an Act of Parliament giving the grantees power to electrify Northern Ireland. This Act was granted in December, 1928. I became a director of the statutory company created by this Act. I held £250,000 shares out of a total statutory issue of £400,000. The Company proceeded to electrify Northern Ireland and is still doing so.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

10 In 1929 acting for myself and others application was made for an order to electrify Westmorland, parts of Lancashire and Yorkshire. I was Chairman of the Company.

No. 8.
Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

In December, 1931, the British Electric Traction, Ltd., took over my £250,000 Northern Ireland shares paying in cash £198,750 the unpaid calls. I had paid £51,250 in cash.

In 1932 the order for Westmorland was granted. I resigned my Chairmanship of that Company in favor of Mr. Charles Boot, J.P., of Messrs. Henry Boot & Co., Ltd., Sheffield. I retained a third to a half share interest.

I was then in a position to actively participate in Yukon and Klondike and called Treadgold.

20 I found that I and my friends having been entitled to and having received approximately 1,750,000 shares in your consolidated company were in danger of being deprived of part of the value by the litigation between your directors, the company and Treadgold, and notwithstanding that your consolidated company held my friends' and my interests in the Yukon and Klondike.

30 I could not ascertain the position as between the New North West Corporation, Ltd., the Dominion Company, Ltd., the Calder Co., Ltd., etc., and your Consolidated Co., nor why your Consolidated Company were operating and using the New North West Corporation properties and money, hence my letter to Messrs. Price, Waterhouse & Co., as I desired to ascertain in which company the value of my holdings would lie.

It appears that my friends and myself must intervene in the litigation to protect our interests or alternatively come to some friendly arrangement with your Consolidated Company and Treadgold.

As I am unable to realize my Klondike and Yukon securities by reason of this litigation I may not be able to meet my commitments and am by that reason in financial difficulty.”

40 Q. You say that this letter was written as requested at this interview with you, Mr. Patton and Mr. Hay?—A. Yes.

Q. Does that letter accurately state the facts set out?—A. All the facts are true in that letter.

Q. Did you get any response to this letter from Mr. Troop?—A. Yes.

Q. Where was he at that time, 20th February, 1934?—A. He was in England at that time.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

Mr. MASON : I would ask my friends to let me have the letter from Messrs. McLaughlin & Company dated March 22nd, 1934, and also one of April 5th, 1934. I am putting in, my lord, a letter from McLaughlin, Johnston & Company to the Yukon Consolidated Gold Corporation, Limited, dated March 22nd, 1934, and if you think it is convenient to put in three letters as Exhibit 5 it will be accompanied by a letter from the defendant in reply dated March 24th, 1934, and a letter of April 5th, 1934, from Messrs. Fasken, Robertson & Company to McLaughlin, Johnston & Company.

EXHIBIT No. 5 : Filed by Mr. Mason. Letter, March 22, 1934, McLaughlin to Yukon ; letter March 24, 1934, Yukon to McLaughlin ; 10
letter April 5, 1934, Fasken & Co. to McLaughlin & Co.

Mr. MASON : I do not know whether my friend will be able to admit the fact that the tender was in fact made. It was tendered by Mr. Honeywell who is now a Judge in this City. Judge Honeywell is sitting in Court unfortunately this week. If my friend feels unwilling to admit it I think he will suspend his Court to come up.

Mr. ROBERTSON : I think I can admit anything my friend will say Judge Honeywell will swear to, other than Exhibit 1 with the incomplete endorsement on it. Your Lordship has not been told that the endorsement on the back of the certificate has only the name of A. N. C. Treadgold and 20
no witness. Apart from that the certificate is in blank. This certificate was later, on the 10th of April, 1934, presented by Mr. Honeywell to Mr. Troop at the Company's office in Ottawa with a request. I suppose he suggested it be transferred to Mr. Worsdale.

Mr. MASON : My friend suggests this is the only document that was tendered.

Mr. ROBERTSON : Those are my instructions. I cannot admit anything more.

Mr. MASON : I will discuss the matter with my friend when we rise and see if we can agree on that. 30

Mr. ROBERTSON : That is what the Judge's letter says.

Mr. MASON : It may not be complete ; I will find out.

Q. Mr. Worsdale, the correspondence that I have put in refers to a demand from you for a transfer presented from your solicitors, the details of that you would not know anything about?—A. I knew this, sir, that the certificate was accompanied by a separate deed of transfer.

Q. It was sent to your solicitor?—A. Yes.

Q. You do not know what Judge Honeywell did?—A. No.

Q. You were in England at that time?—A. I was here, it was immediately following my attempt to intervene in the litigation. 40

Q. Had you or not shown this document to Mr. Troop?—A. I had not shown the document to Mr. Troop personally.

Q. Then, Mr. Worsdale, while you were making the demand in 1934 in the middle part of the year this present action was begun by yourself, as trustee in bankruptcy?—A. Yes.

Q. How did that arise?—A. The reason that was done, against my will, I was in Canada. When I returned to England I attended a meeting of creditors and just one creditor attended. He did not wish that I should be adjudicated, and I consented to adjudication because on the face of this certificate—

*In the
Supreme
Court of
Ontario.*

Mr. ROBERTSON : I do not think this is evidence in this action as to why or why not he was adjudicated to be bankrupt.

Plaintiff's
Evidence.

Mr. MASON : I think your Lordship will see it might be relevant.

No. 8.

Q. Do not tell what took place in the way of your consent or unwillingness to oppose. Who was appointed trustee?—A. Mr. Clark, the plaintiff in this action.

Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

Mr. MASON : This will be Exhibit No. 6. This, my Lord, is the formal certificate under the Bankruptcy Act of 1914 and 1926.

EXHIBIT No. 6 : Filed by Mr. Mason : Certificate of bankruptcy of Worsdale dated May 26, 1934.

Mr. MASON : Q. When were you first aware, Mr. Worsdale, of Mr. Treadgold's title to these certificates or shares being attacked or called in question?—A. In 1933, late 1933 or early 1934. I can give you the exact date as I immediately cabled to Messrs. McLaughlin, Johnston & Company for advice.

Mr. MASON : May I have the share ledger sheet relating to this document, the register and also the stub? Apparently we have not the file here. Instead of putting the ledger sheet in, if you would allow it in later, we can make a copy and put it in. In the meantime it can be put on the record. Mr. Robertson and I agree that this share certificate had the name of A. N. C. Treadgold at the top, and there are a number of entries commencing on the 11th day of February, 1925, and ending on March 18th, 1932, and that under date May 8th, 1930, we have a certificate 0369 for 1,663,900 shares. That is in the credit column which as I understand my friend will agree indicates shares issued. Under date May 14th, 1930, certificate 0370 for 116,100 shares. My friend draws my attention to the fact that the certificate is marked "Cancelled." The whole sheet is marked "Cancelled." I think my friend will agree that is a result of the judgment. There is a slip attached. The sheet was cancelled on the order of Mr. Justice Davis.

EXHIBIT No. 7 : Filed by Mr. Mason : Copy of share register sheet, headed A. N. C. Treadgold from Feb. 11, 1925, to March 18, 1932, marked cancelled by order Mr. Justice Davis, 23rd June, 1933.

Mr. MASON : My friend produces a book of stubs and certificates, and I will read into the record one of these stubs. This one is for certificate 0369 for the same large number of shares issued to A. N. C. Treadgold, 1,663,900. As a result no doubt of the subsequent cancellation it is marked "Cancelled." Immediately following that is the other certificate 0370 for 116,100, with an endorsement that it comes out of certificate 128 for 225 shares. May I also

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

note, without putting the book in, and my friend will agree that there are certificates which have been issued and came back that were posted in the stock register book, one dated May 24th, 1930, signed A. N. C. Treadgold, President, and Norman E. Learmont, Acting Secretary.

Mr. ROBERTSON : I do not know what this has to do with anything here. It is in the book.

Mr. MASON : Q. Mr. Worsdale, did you retain this certificate, the larger one, in your hands at all times?—A. Not at all times.

Q. What was the exception?—A. I loaned it on two or three occasions to Treadgold for the purpose of finding for me a market for the shares. 10

Q. Did he find for you a market for any of the shares?—A. He found no market at all.

Q. Do you recollect when he first got a certificate from you;—A. I got the certificate myself first on the 27th August, 1930. I let him have that back on October 18th or 19th, 1930. I got it back again, I think, in the spring, and I let him have it on two or three occasions after, or my solicitors let him have it would be the fair way of putting it.

Q. Mr. Worsdale, you mentioned in the letter which I read to his lordship at length, written to Mr. Troop, something about your previous dealings with Yukon matters and with other matters involving financial consideration in Great Britain and Ireland. I do not want to detain you at any length, but I want you to tell the Court briefly what your financial position was when you entered into this arrangement with Mr. Treadgold?—A. Well, I will have to lead up to that by telling you when I came out of the Army in 1919 I purchased a shipyard and a merchant machine works. I made a profit of £85,000, and discharged a loan of nearly £1,000,000 I had borrowed for this purpose. I became associated with J. C. Gould and became Chairman of the British Famous Films, and the James Ashley Films. I purchased properties in Tunbridge Wells at £13,000. I became Chairman of the Tunbridge Wells Theatre, Limited, the Kent and Essex Club, Limited, the Naval Golf Club, Limited, many companies, and I was in a substantial financial position until 1926. In 1926 Mr. Gould went bankrupt over a million and a quarter. His companies went into liquidation for about four and one-half million. That is, I was left owing about £120,000. I realized on my properties ; my wife realized on her properties and loaned me approximately from £20,000 to £30,000. I paid my creditors with the exception of judgments amounting from £20,000 to £40,000. I told these creditors if they would hold off I would pay them in full, and I commenced paying by instalments. 20

In 1931, July, I had discharged in full the whole of my liabilities. A few months after that I had a bankruptcy petition launched against me by a creditor for £200 odd. The petitioning creditor had been an old friend to whom I owed £200 odd and whom I had paid. I had no legal proof of payment and under advice to save any unpleasantness I paid the account. I had another petition launched against me for £20. 30 40

Q. Is this in 1931?—A. Yes. And that was adjourned for a month to see how I stood with the Income Tax authorities, and then it was paid and dismissed. I raised considerable money between the period 1926 to 1931, including 1930 when I entered into this bargain and contract with Treadgold.

Q. What about your earnings at that time?—A. My earnings were substantial, so much so that sales earnings are not always liable to income, they are increased in value. When you sell you do not have to pay income. I was assessed for £120 in 1933.

10 Q. Do you mean that was the amount of the taxes?—A. Yes.

Q. You were still undischarged?—A. I was never in bankruptcy. I was insolvent in 1926 but I never went into bankruptcy. I discharged and paid everybody in full up till 1931.

Q. What was your knowledge as to the payment of taxes on transfers of certificates?—A. The advice I received was it was liable for an *ad valorem* duty of £1 per cent., £1 per £100. That is on the actual cash, and that in part of the consideration there were services rendered and that was liable for income tax in England.

20 Q. Was that all in consequence of your connection with this transaction?—A. It was a consequence as it involved numerous payments on the registration of the transfers.

Q. This transfer was made in England?—A. I received the transfer in England.

30 Q. You spoke some time ago in telling his Lordship of the arrangement with Mr. Treadgold about paying a nominal sum of £300 for the shares which you said was more than their then value?—A. A nominal sum equal to their then value. Their face value was a nominal one. The Company had writs issued against it for £10,000 and various other large sums and numerous liabilities, and could not carry on unless it had substantial advances. They were using shares in the Company, and whatever number were taken were taken in value, the nominal value. I carried out the advice I received.

Q. You took the advice you say, and the Company followed it?—A. I took the advice and followed the advice and paid £300 cash consideration on the contract under seal. There was a transfer on the back of the certificate, but a separate deed.

Q. Who separated the deed?—A. It was a separate deed of transfer, it is an incomplete document on the back of the certificate.

Q. What you did get was?—A. A complete transfer under seal.

40 Q. Which is Exhibit 2?—A. Yes.

Q. Are you referring to Exhibit 2?—A. That is the one I received.

Q. How would the taxes upon the transfer, if it were subject to a transfer tax in England have compared with that amount had you been compelled to buy a transfer?—A. I should have been compelled not to have taken the actual cash passing on the transfer but I would probably

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 8.
Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Examina-
tion—con-
tinued.

Cross-exa-
mination
by Mr.
Robertson.

have been compelled to take the amount of money which had passed leading up to the bargain, and that would have been a very serious matter.

Q. Having that in view what was your view at the time as to the value of these shares?—A. I would not certainly stamp a transfer to register the shares at that time.

Q. Unless there is something you want to add?—A. There was another reason I did not register, and that was I desired and believed that the value of these shares was dependent upon the activities and the work of the President Treadgold. Had I taken the shares away from him I might have lost his services in that Company.

10

CROSS-EXAMINED BY MR. ROBERTSON.

Q. Mr. Worsdale, were you ever in the Yukon Territory?—A. No.

Q. Were you ever in Alaska?—A. No.

Q. Were you ever in North America anywhere prior to 1934?—A. No.

Q. Did you ever have any property registered in your name in the Yukon?—A. I had property rights which were in the Lawrence Harrison agreement and the Treadgold agreement.

Q. I want an answer. Let us start off with the understanding when I ask a question I want an answer. Did you ever have any property registered in your own name in the Yukon?—A. I cannot tell you.

20

Q. Why cannot you tell me?—A. I do not know.

Q. You do not know of any property you had registered in your name in the Yukon?—A. I do not know if I ever had any property registered in the Yukon in my name.

Q. Have you ever had any shares registered in your name in any company operating in the Yukon?—A. No.

Q. Do you know of any property Lawrence Harrison owned in the Yukon?—A. I know property which he purchased for £43,000.

Q. Do you know what property it is?—A. No.

Q. Did you ever see any documents relating to it?—A. No, I did not.

30

Q. You never had any in your possession?—A. No.

Q. Did you have anything to do with any transaction between Mr. Treadgold and Mr. Lawrence Harrison?—A. Yes.

Q. Who did you see in connection with the transaction?—A. Mr. Treadgold and Mr. Harrison.

Q. Do you know some transaction between them was carried out?—A. No.

Q. Did you know the consideration Harrison was to receive?—A. No.

Q. Do you know whether he received any consideration?—A. I do not know.

40

Q. Do you know of an action brought by Harrison against Treadgold?—A. No.

Q. You never heard of that?—A. No.

Q. You do not know very much about it?—A. I know very little about it.

Q. You do not know whether the consideration was in money or in shares ?—A. I do not know.

Q. If it was shares, you do not know how many shares ?—A. No.

Q. If it was money you do not know how much money ?—A. I do not know.

Q. Did you ever have anything to do with Mr. Patton prior to January, 1934 ?—A. No.

Q. You had never met him ?—A. No.

Q. Or communicate with him in any way ?—A. No.

10 Q. Did you in any way by letter or orally communicate with the Yukon Company or with any of its officers other than Treadgold prior to 1934 ?—A. No.

Q. You did not know any of them ?—A. No.

Q. They did not know you ?—A. No. I might qualify that. It may be the end of 1933.

Q. For the present purposes that doesn't matter very much. It was at the time when you had learned of the judgment cancelling the shares ?—A. After that time.

Q. Some months after that ?—A. No.

20 Q. Some months after the judgment, but not months after you learned ?—A. It may be months after the judgment, but immediately after I heard it.

Q. Is it not pretty clear that the greater part of your business life you were a solicitor's clerk ?—A. I was a solicitor's clerk in my younger days up till about 1912 or 1913.

Q. You were examined by the Trustee about your experience ?—A. Yes.

30 Q. Did you not state to the trustee on that examination that beginning in 1895, on for a number of years until 1905 you were with Samuel Parker Booth ?—A. Yes, that is consistent with the answer I just gave you. I said in my young life from 1913 to 1914 I was solicitor's clerk and solicitors managing clerk.

Q. After Samuel Parker Booth, from 1905 to 1915 in that position with Arthur Vesey ?—A. 1914.

Q. I am instructed it was 1915 ?—A. 1914 or 1915.

Q. You enlisted in 1917 I am told ?—A. 1915, 1916, 1917.

Q. You don't remember which ?—A. No.

Q. You were demobilized in 1919 ?—A. I received a commission in 1917 and demobilised in 1919.

40 Q. You became a clerk with Nash, Field & Company ?—A. Never been with Nash, Field & Company in my life.

Q. Didn't you say so on your examination ?—A. Certainly not.

Q. I am putting it so we will understand, from April to June, 1919 ?—A. Certainly not.

Q. Were you from June of 1919 to February 20th, 1920 with Clement Dennis & Company ?—A. No.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. Were you ever with them?—*A.* I was with Clement, Dennis & Company from 1905 to 1906.

Q. From 1920 to 1925 were you a solicitor's clerk with Walter Brook & Company?—*A.* No.

Q. Were you never with them?—*A.* No.

Q. Were you working in their office in any capacity?—*A.* No.

Q. Any information I have of that kind?—*A.* Is absolutely incorrect.

Q. What were you doing from 1920 to 1925?—*A.* I was director of British Famous Films, and about twenty other companies from 1920 to 1926. 10

Q. Your office was where?—*A.* I had various offices. I was director of several companies.

Q. Isn't it a fact your chairmanship of these companies was purely a formal matter?—*A.* Certainly not, it was a very active matter.

Q. You were holding shares largely for other people?—*A.* Certainly not.

Q. Do you say that is not so as to most of these companies?—*A.* As to most of these companies, I say No.

Q. You mentioned something of electrical businesses?—*A.* Yes.

Q. Did you not state on your examination before the Trustee you were never a large financial owner there?—*A.* I had better tell you what I held. 20

Q. Did you ever make the statement I suggest to you that you were never a large financial owner?—*A.* No, I did not make the statement.

Q. Would the statement be true?—*A.* That would be inaccurate, I was a large financial owner.

Q. In these electrical firms?—*A.* Yes.

Q. They had become spent out in the end?—*A.* They are now financially successful companies. The Antrim Electrical Supply Company is now doing a good business.

Q. Didn't it go into liquidation?—*A.* Certainly not. 30

Q. You are out of it?—*A.* I am not out of it.

Q. What are you?—*A.* I am a shareholder.

Q. You are a trustee in bankruptcy?—*A.* Yes.

Q. Have you any idea what the shares are valued at?—*A.* I can only tell you the shares were sold by me at thirty shillings each.

Q. I am asking what the shares were valued at after the bankruptcy?—*A.* Thirty shillings.

Q. In 1930 you were in England and in Ireland?—*A.* Yes.

Q. Mr. Treadgold was in America until well on in August?—*A.* Yes.

Q. When had you seen Mr. Treadgold last prior to the date in August that you have mentioned on the occasion when he handed you the document? 40

—*A.* A considerable time before.

Q. A year?—*A.* Not so long as that.

Q. How far back?—*A.* Some months.

Q. Had you seen him that year?—*A.* I think I had.

Q. My instructions are he had not been in England that year.—*A.* I saw him every time he came to England.

Sic.

- Q.* That doesn't help one bit. I want to know how long prior to August, 1930, you had seen him.—*A.* Some months.
- Q.* You cannot tell me whether you saw him that year?—*A.* I saw him that year.
- Q.* He had been in England?—*A.* If he hadn't been in England I didn't see him.
- Q.* My instructions are he was not in England that year till August.—*A.* I do not know except it is sometime prior to the 27th of August I saw Treadgold. It was some time prior, I cannot tell you from memory. It
10 was some months.
- Q.* Had you corresponded with him?—*A.* Yes.
- Q.* Where are the letters?—*A.* He may have them, I do not know.
- Q.* Have you any letters from Mr. Treadgold in 1930 other than the one that is here?—*A.* I have letters.
- Q.* Where are they?—*A.* They are in England.
- Q.* You did not bring them?—*A.* They are not material.
- Q.* You think they are not material?—*A.* No.
- Q.* We may take it there is none here about this transaction.—*A.* There were years leading to the transaction I was asking for shares.
20 *Q.* These are the letters we want.—*A.* Yes.
- Q.* And these are in England?—*A.* Yes.
- Q.* You have not brought any such letters with you?—*A.* No.
- Q.* Have you asked Mr. Treadgold if he brought his?—*A.* No, I have not asked him.
- Q.* There are no letters here?—*A.* No.
- Q.* At what time in 1930 did you have letters?—*A.* It was full information that I got in Sheffield somewhere about May.
- Q.* Are those the letters?—*A.* Yes.
- Q.* Where are those letters?—*A.* I had more up till he returned, he
30 would say he was returning and I had letters saying he was sailing.
- Q.* What time was this, May, 1930?—*A.* May, 1930, till he arrived in August, 1930.
- Q.* You have not brought a single letter with you?—*A.* No.
- Q.* You cannot corroborate anything you say by anything in writing in the way of a letter?—*A.* No.
- Q.* Then Mr. Treadgold, according to your account, as I understand, rather took you by surprise with this document?—*A.* How do you mean surprise?
- Q.* He presented you with a share certificate with an endorsement on
40 it?—*A.* I got all these documents together, the only surprise I got was the value of the shares.
- Q.* When he brought the documents they were in the state they are today except the Court exhibit stamp?—*A.* That is so.
- Q.* The date that is stamped on the back of the certificate was stamped there when?—*A.* I have never seen a date on the back of it.
- Q.* You have not looked at it?—*A.* That is the only date I have seen on the certificate.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. I am asking you about the back of it, did you look at the back?—
A. Yes, I looked at the back.

Q. What was it like?—*A.* I can't remember any date on the back of the certificate.

Q. Was it there?—*A.* I do not know, I cannot remember of seeing any date.

Q. Was the signature there?—*A.* The signature I think was there.

Q. You do not know about the date?—*A.* I do not remember any date.

Q. Could you suggest how the date would get on, how that happened 10 to be the date? Did you notice that, how did that happen to be different from the date that is in the deed?—*A.* I haven't the slightest idea.

Q. This letter that is addressed to you, Exhibit 3, dated 10th July, 1930, addressed "Dear Worsdale." You had that handed to you in England?—*A.* Yes.

Q. Was there any person present except the two of you?—*A.* My solicitor.

Q. Who is he?—*A.* My solicitor.

Q. Who?—*A.* I believe it was Colonel Veasey, of Veasey & Company.

Q. Is he here?—*A.* No. 20

Q. He was the only witness to the event?—*A.* I think that is all that was there. I think Mr. Treadgold's solicitor may have been there.

Q. Who was he?—*A.* Mr. Smallman.

Q. Was any of this transaction put in writing except this document?—*A.* There was no—

Q. I am asking a question, was there anything put in writing outside of the three documents?—*A.* My answer is there was no necessity for anything further.

His LORDSHIP: Cannot you answer?

Mr. ROBERTSON: *Q.* Was there anything put in writing?—*A.* No. 30

Q. Did you ever give quite a different account of this affair?—*A.* I do not follow you.

Q. Do you recall an interview with Mr. Troop and Mr. Patton?—*A.* I had one interview with Mr. Troop and Mr. Patton.

Q. That was in 1934?—*A.* Yes.

Q. This is following the occasion of receiving the letter of February 20th?—*A.* Yes.

Q. Do you recall any of the statements on that occasion?—*A.* No.

Q. Let me put this to you, Did you or not say to them on that occasion the transaction was carried out in New York?—*A.* No. 40

Q. Did you say on that occasion you were represented in the transaction by Mr. Weinheim?—*A.* I have never heard or seen Mr. Weinheim.

Q. Did you say to Mr. Patton and Mr. Troop on this occasion Mr. Weinheim acted as your representative in the transaction?—*A.* No.

Q. You did not say that?—*A.* Certainly not.

- Q. Did you say that the consideration was property that you had turned into Mr. Treadgold?—A. I may have said that.
- Q. Of course you did not turn in any property?—A. Yes.
- Q. What?—A. Properties in the Lawrence Harrison agreement.
- Q. You say you turned them in?—A. Yes.
- Q. Although you cannot tell us anything whatever about the bargain?—A. I cannot tell you anything about the bargain.
- Q. Nor what the property was?—A. Except it was purchased for £43,000. That is the statement I parted with any money on.
- 10 Q. Do you know when Lawrence Harrison purchased?—A. Prior to 1920.
- Q. How many years prior to 1920?—A. I do not know.
- Q. You knew when you were dealing with Mr. Treadgold between 1920 and 1925 he was an undischarged bankrupt?—A. Yes.
- Q. His promises were perhaps somewhat impaired by that?—A. His intentions or promises never varied as far as I was concerned.
- Q. Is that all you want to say about that?—A. That is all I have to say.
- 20 Q. You have nothing in writing from him?—A. I have nothing in writing from him at all.
- Q. Can you tell us again of those persons with whom you had been instrumental in getting them to turn in cash and properties, anybody but Lawrence Harrison?—A. Yes.
- Q. They are people for whom you held in trust some 400,000 shares?—A. They are part of the people.
- Q. Was that ever put in writing as between you and Mr. Treadgold?—A. No.
- Q. Was it put in writing as between you and cestui que trust?—A. Yes.
- 30 Q. When?—A. After I purchased the shares.
- Q. What did you do?—A. Gave them letters and undertook to deliver shares to them.
- Q. Have you anything from any of them, any acknowledgement?—A. I have acceptances, yes, I have acceptances of the letters.
- Q. Of what date?—A. Of various dates.
- Q. What is the earliest?—A. The earliest is 1930.
- Q. You brought all those with you?—A. No.
- Q. You have not got them here?—A. No.
- Q. We will not have the privilege of seeing them either?—A. No.
- Q. Perhaps you will give us the names of some of them?—A. Yes.
- 40 Q. Who are they?—A. Martyn Salter, London.
- Q. Of Martyn & Trask?—A. Not of Martyn & Trask, but of Martyn & Salter.
- Q. What was his for?—A. He had bought up, I believe, about £13,000 cash and some properties.
- Q. He paid to whom?—A. Treadgold.
- Q. When?—A. Prior to 1930.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—*continued.*

Q. The world was running a long time prior to 1930, was it before 1930?
—A. The consolidation started in 1920 and did not finish till I got my shares.

Q. Do you know anything about that?—A. No.

Q. Someone named Martyn was supposed to put up £13,000?—A. I only know what I have been told.

Q. By whom?—A. By Martyn.

Q. He is not here?—A. No.

Q. Are any of these people here?—A. No, none of them.

Mr. MASON: It costs money to bring them here.

Mr. ROBERTSON: Q. Who else were these people?—A. Williamson. 10

Q. Williamson of New York?—A. Williamson, stock-broker of London.

Q. Where does he come in?—A. All of these people in London are about in the same degree, are people who paid cash and put properties with Treadgold which are now vested in the new company, and have no consideration at all except shares held under the certificate.

Q. Have you at any time seen any list which was filed in the previous action by Mr. Treadgold of the persons to whom he stated he was indebted?—A. No.

Q. You do not know he failed to mention Mr. Worsdale?—A. He was not indebted to me after 1930. 20

Q. A person for whom he held shares?—A. I have taken care of 500,000 of these to protect my own assets in the Yukon and save needless litigation.

Q. You don't know very much about this litigation?—A. I know very little about it.

(Court adjourned until 10.30 a.m. October 29th, 1935.)

Morning Session.

Toronto, October 29th, 1935, 10.30 a.m.

CROSS-EXAMINATION OF V. W. WORSDALE BY MR. ROBERTSON (*resumed*).

His LORDSHIP: The witness communicated with me directly and the letter was handed to Mr. Mason, and the witness desires to amend an answer 30 he gave last evening covering the time he enlisted in the British Army. I will permit him to answer the question, but you are not dealing with matters that are absolutely irrelevant. You can amend the answer in regard to the time you enlisted in the British Army. The answer you gave last night was 1914, 1915, 1916 or 1917.

WITNESS: It is 1915 or 1916, I am not sure of the date. I was commissioned 1917, the 1st of September.

Mr. ROBERTSON: Q. Mr. Worsdale, we now have produced by you and put in as Exhibits all the papers and documents and things in writing that you have brought here to Canada with you in connection with this 40 matter?—A. Yes.

Q. We have them all in?—A. Yes, you have them all in.

Q. Is this your letter, dated 22nd September, 1926?—A. Yes.

Mr. ROBERTSON: I propose to ask the witness to identify a number of letters that were put in on the examination of the witness some months ago on a commission issued on behalf of the defendant. These documents are attached together, and perhaps it will be convenient if I give the date of the particular letter and refer to it as part of the Exhibit whatever it may be on the Commission.

His LORDSHIP: Is it your intention to put all the letters in?

10 Mr. ROBERTSON: Not with this witness. If I disassociate them I will have spoiled the exhibits for the Commission. It is part of the Exhibits on the defendant's commission, marked W.G.S.H.—2. They have, my lord, a practice of filing the exhibits by the initials of the witness, and the numbers apparently start over for each witness.

Mr. MASON: An arrangement apparently under which the Commission procedure was that they take the evidence but leave it for the Court to rule on it as to what is admissible. There may be a great deal of evidence taken on the Commission which may not be germane to this action.

Mr. ROBERTSON: I am not dealing with that at the present moment.
20 I am asking the witness if he can identify a letter. I only propose to put in the letters I ask him about. The first letter is dated 29th September, 1926, from the witness himself, and the party to whom it is written does not appear. Perhaps the witness can supply it.—A. That was a letter written to the firm of Burton, Yeates & Hart in the matter of Mrs. Foster.

Mr. MASON: I object, my lord, I have not seen the documents, but I do not wish to interrupt my friend.

Mr. ROBERTSON: Q. It is written to Messrs. Burton, Yeates & Hart, solicitors in London, Mr. Worsdale?—A. Yes.

30 Q. "I will send you on Saturday £100. I am sorry I cannot possibly manage it before. I shall be able to clear up the balance very quickly. Apologizing for the inconvenience I am putting on you.

Yours truly."

Mr. ROBERTSON: I am going to produce a series of letters running on to the year 1931, relating to the same matter, when the bankruptcy petition was filed by this lady, and your Lordship will see the purpose of it.

His LORDSHIP: I am relying on you to link it up.

Mr. MASON: I submit that has absolutely no relevancy at the present.

Mr. ROBERTSON: I am cross-examining the witness and am proposing
40 to show he had no financial ability to invest anything.

Q. This is also your letter to the same people, the name of the firm is there; that is your letter?—A. That is my letter.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.

Cross-exa-
mination
by Mr.
Robertson

—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. This letter is addressed to the same solicitors, and it is dated 25th September, 1926 :

“ I enclose cheque for £20. I much regret I cannot send you the remaining £80 until quarter day, but I will post you the balance on the 29th or 30th September. By reason of putting my properties up to auction for the 22nd Oct. I have had pressure from everyone. I am yours obediently.”

The writ was issued against you on behalf of Mrs. Foster on the 28th September, 1926 ?—A. Yes.

Q. You were sued for the sum of £440 ?—A. Yes. 10

Q. The balance claimed on moneys loaned ?—A. The balance claimed of £1,000 which had been advanced by Mrs. Foster for the purpose of one of Treadgold's companies and I made myself responsible for the payment of it. I paid her £500 early in 1926 when the company went bankrupt and she receipted all charges against me when I was able to discharge all of them.

Q. I am not seeking here to try to validate Mrs. Foster's claims, I am concerned merely with your financial ability at this time, and the fact is she did issue a writ against you at the end of September, 1926, for £400 ?—A. That is quite true. I had originally owed her £1,000, and I paid her in full.

Q. We will hear about the payment and do not be too fast about it. 20
You did not enter any appearance to the writ ?—A. I had no defence to the writ.

Q. You did not enter any appearance to the writ ?—A. I had no defence.

Q. A judgment by default was signed against you on the 9th October, 1926 ?—A. That is so.

Q. On the day before you went to see her solicitors, you called upon them ?—A. I cannot remember.

Q. Let me read a letter which is produced, written by Burton, Yeates & Hart to Messrs. Stone, Simpson & Mason who represented you in some matters ?—A. I do not know. 30

Q. “ 29th October, 1926.

“ FOSTER & WORSDALE

“ Mr. Worsdale saw us yesterday (we understand with your knowledge and consent) and explained his position to us. Shortly, he stated that the Hall & Grelfrey, had been offered for auction on the previous day but not sold, that they were charged to the bank to secure an overdraft of £13,000 or thereabouts—”

A. That is not a correct statement.

Q. Did you see them ?—A. I do not know, but the statement that the properties were charged for £13,000 is not correct. 40

Q. May I suggest a correction is made in the next letter, instead of £13,000 it is jumped to £17,000 ?—A. It is not correct. May I explain what should be correct ?

Q. You say you did not make that statement ?—A. I could not have made that statement, as it is not a correct statement of the fact.

Q. "The Grelfrey" was the name of some property?—A. That was my wife's property.

Q. Was the wife's property to go with the furniture?—A. The letter was subject to a bill of £7,500.

Mr. MASON: My friend cannot get in a letter written by someone else without proof that letter was written.

Mr. ROBERTSON: I am not putting in the letter.

Mr. MASON: My friend cannot put in the letter written by someone, otherwise he puts in a letter indirectly that cannot be put in directly.

10 His LORDSHIP: I think you are right, Mr. Mason. I think he can be cross-examined on the letter, and I suppose that is probably as far as he is going at the present time. Are you not to a great extent bound by any answer the witness gives in regard to the truth?

Mr. ROBERTSON: If I ask the witness if he made a certain statement or if a certain statement is the truth, what is the difference whether I am reading it from a letter or not reading it from a letter?

Mr. MASON: It is being put in as something that was set out in a letter.

Mr. ROBERTSON: Q. Was it true that the furniture was subject to a bill of sale for £3,500 which had been given for your benefit?—A. That is
20 not true.

Q. That all your shares and other assets were charged in various directions?—A. That is not true.

Q. Did you make that statement?—A. No.

Q. There was no margin on any of the assets?—A. That is true.

Q. Did you ask for time to pay?—A. I did.

Q. Did you suggest that you would be able to pay at the rate of so much per month?—A. I did.

Q. Is this your letter of the 9th of December, 1926?—A. It is my letter, the year is not there, the year is not on the copy.

30 Q. There is a date on here?—A. That is not my date.

Q. Do you say that was not 1926?—A. I do not know.

His LORDSHIP: To whom?

Mr. ROBERTSON: I will show it to the witness and let the witness tell to whom it is.

Mr. MASON: I want to make it clear the objection I have taken applies not only to the letter, I specifically made it to the series of letters going back to 1926. If my friend wanted to show the financial ability that had some reference to 1930 I do not believe I can object. This witness tells of his difficulties in connection with his transactions of 1926.

40 Mr. ROBERTSON: I think if my friend knows the documents he knows the significance of the answer. This man was not in any position to make advances he says he did make.

His LORDSHIP: He has gone back of 1930.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.

Cross-exa-
mination
by Mr.
Robertson

—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson

—continued.

Mr. ROBERTSON : He spoke particularly of the period between 1925 and 1930.

Q. " I beg to send you a cheque for £20 on account of my debt and will call on you on Tuesday with another payment on account of debt and pay your costs " Is that a true statement?—A. Yes, that is a true statement as I was dealing with £40,000 worth of judgments at that time.

Q. Is that letter of the 14th of December, 1926, your letter?—A. Yes.

Q. "*Foster v. Myself*

" I am on my way to Glasgow and am sorry I cannot see you till next week when I will let you have another cheque on account of debt and costs "—A. Yes. 10

Q. Is this your letter of January 7th, 1927?—A. I can shorten it a great deal.

His LORDSHIP : Try and answer the question. Listen to it and answer the question.

Mr. ROBERTSON : Q. " I have been away in Glasgow and had difficulty over a £3000 judgment. I shall manage to hold this up and to let you have a cheque further on account during the course of the next week when I will call to see you. I am sorry for the delay but it is unavoidable." 20

Can you say whether that is a telegram sent by you to Mrs. Foster's solicitors?—A. Yes, it is signed " Worsdale " it must be from me. I cannot testify that.

Q. Is that your letter of the 28th January, 1927?—A. Yes.

Q. This letter reads :

" *Foster v. Myself*

" In reply to your letter I regret I cannot remit to you this week. I am arranging a loan which I hope to complete next week out of which I have to deal with a £3000 judgment and two smaller ones. 30

" I have instructed the auctioneers to put up for auction my household furniture and effects and discharge the B/sale and any balance to apply to my judgment creditors.

" I hope you will not issue a B/Notice as it would defeat my chances of paying my creditors. I shall write to you next week."

The letter has no name on it. It will be proved by the man who received it. The contents are the important matter. The letter is to the solicitors—it was obviously to the solicitors—there is no secret about it.

On the 25th February is your letter to the solicitors?—A. Yes.

Q. This letter reads :

" I send you £10 on account. I have instructed Messrs. Westman & Sons, Auctioneers, Tunbridge Wells, to sell all my wife's furniture and effects and the proceeds will go to my creditors. Bankruptcy proceedings would mean nothing for anybody, but if I am able to continue I shall ultimately pay everyone in full. I thank you and your client for this consideration." 40

A letter of the 15th July, 1927, by you to the same firm of solicitors?—
A. Yes.

Q. "In reply to your favour of the 8th inst. re Mrs. Foster. I regret I am unable to make a further payment at present. I have over £8000 judgments against me. My house and furniture have been sold off. I am without means at the moment. I hope however to be able to make a payment soon. I know your client and yourselves have been patient in this matter and I hope you will continue to be so, bearing in mind that the money owing was a loss which I foolishly took over when matters were all right with me."

10

Then a letter of 28th November, 1927, is your letter?—A. Yes.

Q. To the same solicitors?—A. Yes.

Q. "I have today received your letter of the 22nd inst.

"I am holding up bankruptcy proceedings and there are £8000 . . . judgments against me.

"I cannot make you a payment now but will do so in the New Year.

"I am sorry but I have parted with all my assets and am fighting against the proceedings."

20 That is your letter?—A. That is true.

Q. The next letter is dated 1st July, 1930. That is your letter to Messrs. Burton & Company.—A. Yes.

Mr. ROBERTSON: This letter was marked as an exhibit on the Examination for discovery of Mr. Clark, the plaintiff, so it is not in the bundle referred to. There are two or three of these that were not put in the Commission, but they were referred to. Apparently they went in on the examination. It is numbered L.C.C.2. You will note the date is pretty close to the date of the transaction :

30 "I have received your letter of the 24th ulto yesterday. I have left the Kennels."

What is that, the place you live?—A. It was a place that belonged to my wife.

Q. This letter is written from Charing Cross Hotel, London.—A. It is headed from there, I may have been in Ireland.

Q. "I have left the Kennels over two years ago. I am now in Ireland. Your information is erroneous, as ultimately I can arrange for 400 fully paid shares to be transferred to your client in full satisfaction of the judgment conditionally on the same not being sold but forming part of the offer for sale.

40

"The shares do not belong to me but are placed at my disposal for this purpose.

"In any event appreciating fully your consideration I know you will do nothing to defeat your client's interests and my other creditors.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

“Your client’s experience as a shareholder in my other company may help when I say that in my opinion this company is a better one.”

That Company is not a family concern of yours?—A. I do not think we are concerned in anything. It was a company and it was successful. She had two investments, one she made 25 per cent., and the other she had £1000 and I paid it back.

Q. We are not concerned about the merits of Mrs. Foster’s claim.—
A. If that is essential to this case, the other one where she made money is also essential to the case. 10

Q. It is not connected in any way with anything that has to do with the Yukon?—A. Nothing, there is no interest in the Yukon.

Q. I wonder whether you can identify this for me as being a letter to which the last letter was a reply?—A. I do not know. There was a series of letters to and from the solicitors, that resulted ultimately in Mrs. Foster getting £1000 and her costs which she would have got back in 1926 had I not been hammered for £40,000 in judgments.

Q. This is your letter of the 5th July to the same solicitors?—A. That is my letter.

Q. This is marked L.C.C.III, if I may put it in with the last letter. 20
This letter reads :

“I am obliged for your letter. I am sorry your client will not accept my friend’s offer of 400 shares as being my only lady creditor, all the rest being business debts I had hoped she would do so.

“As it is I cannot send you a cheque. I have no banking a/c and have still outstanding nearly £10,000 judgment creditors who will be paid if they wait till the issue which I hope will take place before August, if not it must be Oct.

“I have nothing to attach and no interest except what I may receive out of the issue.” 30

That is not Yukon shares?—A. I had no Yukon shares on that date.

Q. Is this your letter to the same people, 8th October, 1930? That is part of the Commission as an Exhibit :

“I have to acknowledge your letter and apologize for delay in answering, but I have been away.

“I enclose cheque for £50 on account of debt and costs, and propose calling on you on Wednesday or Thursday of next week to try and arrange a settlement. Will you please acknowledge to me at Royal Hotel Windermere.

“I understand two judgment creditors of mine have levied 40 on Mrs. Worsdale at her residence in Sussex. I mention this as I have no interest in her place or its contents, and in fact I still owe her substantial monies which she advanced in 1926 when she sold her house, furniture and shares and lent me £12,000 to help me with my creditors. If you have levied it does not matter but I mention this to save myself the cost of another abortive levy if you have not levied.”

Then your further letter to the same firm of the 21st November, 1930 :

“ I send you £20 out of my 17 November payment. I will send you another one next month unless I am able to square up before.”

*In the
Supreme
Court of
Ontario.*

Then this is your letter to the same firm of solicitors on the 6th December, 1930 :

Plaintiff's
Evidence.

“ I have received your letter addressed to Little Franklin, Sussex. This is the address of Mrs. Worsdale and I shall be glad if you would kindly address your letters to this address.

No. 8.

Vernon
Wright
Worsdale.

10 “ Your client invested in two of my companies, one of which was a success, and she has received for many years and is still receiving from 15% to 45% dividend. The other was a failure and she lost her £1000. In the collapse of my affairs I realized my estate and my wife's estate and paid the proceeds to my creditors and your client wrongfully claimed to participate and by that reason received £550. Having received this sum she subsequently issued a writ against me for the balance and in the chaos then existing I had not the means nor the opportunity of resisting judgment.

Cross-exa-
mination
by Mr.
Robertson
—continued.

20 “ Your client has received payments under this judgment. Your client threatens through you to proceed under this judgment and I can only say that if she does do so I shall have no alternative but to move to have the judgment set aside and to recover the monies paid under the same and also the £550. I never had your client's £1000 and your client never has had a legal claim against me or my estate.

30 “ I enclose you £10 as I always intended to meet my moral obligation to your client as it was on my advice she invested her money. Your client has never sought to deal with a claim against myself for the monies she invested in my other company but has been quite content to receive the substantial dividends &c.”

Then a letter of the 24th January, 1931. That is a further letter of yours to the same solicitor?—A. Yes.

Q. “ I beg to send you cheque for £10 ”.

Then on the 28th of March, 1931, this is your letter to the same solicitors?—A. Yes.

Q. This letter is also in the Examination for Discovery. It is No. L.C.C. IV. It reads :

40 “ I duly received your client's B/N and having no assets I cannot comply with the same.

“ Another creditor for £4000 under judgment through a firm of London solicitors is pressing me with bankruptcy proceedings and I have been trying to postpone matters.

“ Assuming I am able to hold up the other £4000 judgment I would make your client an offer to pay her £10 which I can raise and let you have this on Wednesday. If your client however is

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross exa-
mination
by Mr.
Robertson
—continued.

desirous of proceeding further I cannot resist and it will be a relief to go through the Courts and make a fresh start.

“ I will call on you on Wednesday next when you can serve me with the petition or I will pay you £10 as the case may be and I will pay the rest as I can.”

Then your letter of the 1st of April, 1931, to the same solicitors. This is attached to the Commission :

“ I send you herewith Mrs. Worsdale's cheque for £10 on the understanding I have with her that this is only paid by her if there is a delay in the proceedings started by your client.”

You got a stay of the proceedings?—A. Yes.

His LORDSHIP : Will counsel tell me at this stage how bankruptcy proceedings are started, by a notice ?

Mr. ROBERTSON : By a petition, I think under the English Act. I do not think there is any such practice as we have of an assignment.

His LORDSHIP : I suppose it rests entirely with the judgment creditor as to whether or not he presses his Petition in Bankruptcy.

Mr. ROBERTSON : I do not know whether there is any such proceeding as we have here, if one petition creditor does not proceed some other petition creditor can take his place.

Q. This is your letter of 6th April?—A. Yes.

Q. “ I thank you for your letter returning cheque for £10 which I have returned to Mrs. Worsdale.

“ I am to attend in the City on Wednesday next to be served with bankruptcy proceedings re the £4000 judgment and the time fixed is 12 o'clock.

“ I can call at your office at any time after 12.30 to be served by your client's proceedings if you will kindly give me a time.”

Q. Was it Mrs. Worsdale's cheque?—A. Yes.

His LORDSHIP : The former letter was written what date ?

Mr. MASON : 1st of April.

Mr. ROBERTSON : Q. It was Mrs. Worsdale's cheque and they sent it back?—A. Yes.

Mr. ROBERTSON : I file bankruptcy petition, certified copy of the proceedings in bankruptcy in that matter and the affidavit to the petition sworn on the 4th of May, 1931.

Q. You arranged at this time with this creditor and some others to pay them on the basis of about one-fourth of their claim?—A. When the petition was launched against me the balance of £40,000 judgment which was outstanding in 1926 after I put my assets away was to cover the loss caused by the collapse, the bankruptcy. I put them all in a file with accounts at that time and certain Yukon shares.

Q. Is it not a fact that at this time the solicitors Burton, Yeates & Hart agreed to accept with other creditors sums of money amounting to

about one-fourth of their claim?—*A.* No, that is not so. I wanted to arrange it so that every creditor had to be satisfactorily discharged when he was paid in full, and the rest of the creditors wanted their pay in full.

Q. You are not suggesting you settled with all of your creditors?—*A.* I am suggesting I was compelled to settle under the Bankruptcy Act with all my creditors in 1931.

Q. Did you have as one of your creditors a Mr. Shepstone?—*A.* I did, and I paid Mr. Shepstone under his judgment.

Q. In April, 1931?—*A.* Yes.

10 *Q.* Is it not a fact that he obtained judgment against you for £314 and costs under date of the 20th of March, 1929?—*A.* Yes, I discharged the judgment in full prior to my settlement in 1931 with all my creditors.

Q. Is it not a fact when they filed judgment against you it was back dated 20th March, 1932, is that true?—*A.* I have to answer your question in the proper way. The person who filed the petition was not Mr. Shepstone, it was his administrator. I paid him in full, and his wife owned the judgment and launched a petition against me. If the petition had been launched in 1925 he would have been paid with the others. When it was served on me my solicitors told me it would be cheaper to pay in full. It was
20 the only one outstanding.

Q. Did you have as creditors persons of the name of Schwab and Snelling?—*A.* Not in 1931.

Q. Did you incur that very shortly after?—That was a debt of bonds which should have been paid and was not paid.

Q. They filed bankruptcy proceedings against you in 1932?—*A.* Yes, that was paid in full.

Q. In connection with that you made a certain affidavit?—*A.* Yes.

Q. I have a certified copy of it here which I have to file. It is a certified copy of the affidavit of the witness filed in the proceedings taken
30 in 1932.

EXHIBIT No. 8 : Filed by Mr. Robertson : 19 letters (attached) :
July 28, 1926, to April 6, 1931.

His LORDSHIP : The trouble in marking letters is that you are marking the whole thing and all of these letters are not in. It is only certain letters which have been identified and which the witness has admitted writing.

EXHIBIT No. 9 : Filed by Mr. Robertson : Three letters attached.
“ L.C.C.II, L.C.C.III, L.C.C.IV ”.

EXHIBIT No. 10 : Filed by Mr. Robertson : Certified copy
of bankruptcy petition by Magdalene Foster, dated May 19, 1931.

40 Mr. MASON : I did not get what your Lordship said about Exhibit 8.

His LORDSHIP : A bundle of letters has gone in as Exhibit 8, and that will consist of letters which have been identified by the witness.

Mr. ROBERTSON : *Q.* May I read this affidavit to you, Mr. Worsdale. This is an affidavit of the witness, or a certified copy of it in the bankruptcy

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 8.

Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

proceedings initiated by Schwab & Snelling. The affidavit is dated the 5th of January, 1933, and filed that date. There is one particular thing I want to refer to: Paragraph 1 deals with his address. Paragraph:

“As directed by this Honourable Court I have prepared a statement of my assets and liabilities and such statement is now produced and shown to me marked ‘V.W.W. 1’ which shows a surplus of assets over liabilities of £11,034 13. 8.”

There is a certified copy of the statement which was marked as an exhibit to the affidavit. This is it. That is a certified document.—A. I will take it from you. 10

EXHIBIT No. 11: Filed by Mr. Robertson: Certified copy of statement of assets and liabilities of V. W. Worsdale “copy” V.W.W.1.

Mr. ROBERTSON: The assets, my lord, are so many shares in the Antrim Electricity Supply Co., one-third of the shares of Thomas Wilkinson (Arnsdale) Limited, one-sixth of the shares of Thomas Wilkinson (Arnsdale) Limited; One-third of a mortgage of £5,000; Monies due from Sundry Debtors £200.

Q. You do not in your statement of assets made at this time and produced make any reference to any shares of the Yukon Consolidated 20 Gold Mine?—A. I had better explain that.

Q. You did not do that?—A. That was not an asset; the Yukon shares were not an asset.

Q. I would like you to give an answer to the question I put to you. The fact is you did not disclose that as an asset in your sworn statement?—A. No, because it was a liability.

Q. What is it now, a liability or an asset?—A. It is a liability.

Q. It is a liability today?—A. That is it is a liability, it is not registered.

Q. Well then, I suppose your Trustee in Bankruptcy does not value 30 it today?—A. He does everything I have, assets or liabilities.

Q. Perhaps you will tell his Lordship what you mean by not being an asset and liability.—A. At the moment it is non-realizable by reason of non-registration.

Q. You realize there was still another petition in bankruptcy against you by Barclay's Bank?—A. Yes.

Q. You were declared a bankrupt on that occasion?—A. Yes.

Q. That was in 1934?—A. Yes.

Q. That is after you were out here in 1934?—A. Yes, sir. The reason I came here in 1934 I could not get a registration of these shares. 40

Q. The reason of what?—A. My bankruptcy was caused by impeachment of title on these shares. When they were impeached as to title it cost me £2000 to get here to establish them.

Q. They are on the register?—A. They are; I do not seem to be able to get delivery of them.

Q. As a matter of fact when you were declared bankrupt on the petition of Barclays Bank you did list the shares as an asset?—A. Yes.

Q. Although they were still unregistered?—A. Yes I determined to make them an asset.

Q. As a matter of fact you then proposed to settle with your creditors by putting shares up?—A. By all the securities. I took the protection of the Bankruptcy Act which not only protects the debtor but the creditor.

Q. These were put forward by you in a definite proposition to your creditors as a substantial asset?—A. Yes.

10 Q. Out of which you proposed your creditor should receive some benefit?—A. Yes.

Q. That is the only reason you have for not disclosing the shares in the assets and liabilities?—A. You have not given me any opportunity of explaining what they were.

Q. I thought you were explaining?—A. No, you did not give me an opportunity. The reason they were not disclosed is this, I had properties in Russia of doubtful value, I had properties in Spain of doubtful value. I had a bank account in Paris and properties of doubtful value, and my counsel concerning these three things said that they were outside of the
20 jurisdiction and not material to the affidavit as there were sufficient assets on that. I had these shares and approached them from the point of view of an asset, and my counsel approached them from the point of view of a liability. In as much as I had transferred part of these shares I had not delivered them, and before I could deliver them I had to stamp them transferred. He was not sure whether to use them as an asset or liability. He said, Leave them out, there are sufficient assets to show you are not insolvent. I had to satisfy the court before I could pay.

Q. Is that your explanation?—A. Yes.

Q. That is all the explanation there is?—A. Yes.

30 Q. You realize your statement was a sworn statement?

Q. Yes, sworn under the advice and prepared by lawyers.

Q. Were you aware of the fact a Commission had been issued on behalf of your Trustee to take evidence in England?—A. Yes.

Q. Did you know a Commission was sent to England in July of this year?—A. Yes.

Q. Did you know it was returned without examining a single witness?—A. Yes.

Q. Do you know that?—A. I am telling you what I do know. I know orders were made in England to examine a number of witnesses by
40 the English Courts, but there was a technical point that further information had to be obtained in Canada.

Q. Are you speaking of things of your own knowledge? Do you know of your sending that in a telegram?—A. Yes, I sent a telegram.

Q. Perhaps you will go back and answer my question. Do you say that you do not know there were no witnesses examined?—A. I know what did happen.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. Do you know whether there were witnesses examined on the Commission?—*A.* I do not know. I am telling you what I do know and that is that orders were made to examine witnesses in England. Time could not be got from the Canadian Court so the orders had to be recalled.

Q. We have accurate accounts from the records as to what happened that Commission, so do not venture what happened.—*A.* You are asking what I knew and I am telling you.

Q. Please answer my question. When I ask you something let us have an answer to it.—*A.* I answer your questions to the best of my ability, and if I do not understand them then you do not put them sufficiently clear. 10

Q. Are you clear there?

His LORDSHIP: Try and answer the question. If at any time you do not understand the question you may appeal to the court.—*A.* I really do not understand the question now.

Q. You have answered the question now. You do not know as a fact that witnesses were examined on the Commission?

Mr. ROBERTSON: So far for your financial condition as disclosed by the letters in the period they cover. I want to go back to the earlier period when you spoke of your activities between 1920 and 1925?—*A.* Yes. 20

Q. Do you know when the present Yukon Company was incorporated?—*A.* I do not know.

Q. Do you know where it was incorporated?—*A.* I know it was incorporated in Canada.

Q. Is that all you know?—*A.* No.

Q. Do you know who the solicitors were?—*A.* No.

Q. Do you know who instructed its incorporation?—*A.* No.

Q. You have spoken of certain activities you had in connection with the consolidation. Had you anything to do with the Beatty matter?—*A.* You are taking me back again to 1923. 30

Q. Had you anything to do with the Beatty matter. I do not know whether you know anything about it. Do you know who Beatty is?—*A.* I cannot identify the Beatty matter.

Q. Did you have anything to do with the A. Chester Beatty matter?—*A.* I do not remember.

Q. A. Chester Beatty is a man well known?—*A.* He was a man who was putting in his property into the consolidation like we all were.

Q. Did you have anything to do with that?—*A.* That was done by Mr. Treadgold.

Q. You do not know?—*A.* You are asking what I have been told. 40

Q. You of course have had opportunities of discussing these matters with Mr. Treadgold in recent times?—*A.* Certainly.

Q. Ever since you arrived in Toronto to give evidence?—*A.* Yes.

Q. Did you have anything to do with the Govett matter?—*A.* No.

Q. Now you mentioned yesterday you had something to do with the American Gold Fields.—*A.* The Consolidated Gold Fields.

Q. I am talking about something else. I am not talking about the Yukon Consolidated.—A. I am talking about the Consolidated Gold Fields in South Africa.

Q. The New Consolidated Gold Fields of South Africa?—A. Yes.

Q. Do you say you had anything to do with the matter?—A. Yes, I did.

Q. What had you to do with that?—A. I assisted Treadgold when Treadgold obtained an option to purchase the whole of the Consolidated Gold Fields interests for £60,000.

10 Q. What do you mean you assisted?—A. I assisted him with interviews with various interested people.

Q. Did you get the option?—A. Mr. Treadgold got the option.

Q. To whom?—A. To himself.

Q. Are you quite sure of that?—A. He told me so.

Q. I want to know what you know.—A. My knowledge comes from what I hear from various people. I was never in Canada to find out.

Q. So that we will understand each other, I want to know from you, and from your own knowledge, what you had to do. May I suggest to you, test to some extent your knowledge of what did occur.—A. I can
20 answer that so simply.

Q. That is one reason I put to you the question, if you were concerned in the option. I would assume you would know to whom the option was given.—A. I knew the option was given to Treadgold.

Q. Did you see the option?—A. No.

Q. Treadgold told you?—A. No. I got it from Treadgold or the Consolidated Gold Fields directors.

Q. Do you know when the option was taken?—A. Some time between 1923 and 1924.

30 Q. Did you know or would it surprise you to know it was through the Gold Fields Company in South Africa that the company was first incorporated. The Yukon Company had it incorporated.—A. I knew it.

Q. And £60,000 was handed over for the property?—A. Yes. It went partly to the Yukon Company.

Q. That is not what I asked you at all. You are not answering my question by dodging and telling me something else.—A. Tell me what your question was.

40 Q. If you will listen with the intention of answering. First I want to know if you had knowledge of the fact it was the Gold Fields Company that gave instructions for the incorporation of the Yukon Company?—A. I did not know about that.

Q. If the Yukon Company was incorporated on the instructions of the Gold Fields people as early as 1923 it would look as if there were something wrong with your story?—A. I do not know, I can only tell you what I heard and what I know.

Q. Do you know where the £60,000 came from?—A. I know it was money from Treadgold.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*
—
Plaintiff's
Evidence.
—
No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—*continued.*

Q. Are you sure of that?—*A.* Yes, Treadgold was not a discharged bankrupt, so Treadgold borrowed lots of money from my friends.

Q. The £60,000?—*A.* My knowledge was it was borrowed by Treadgold. That is what I tell you of my own knowledge, it was borrowed by Treadgold.

Q. Are you swearing to anything of your own knowledge?—*A.* I am swearing to my own knowledge Treadgold borrowed £60,000 to buy the Yukon Gold Fields.

Q. Where did you get the idea?—*A.* From the Gold Fields and from Treadgold, and my knowledge at that time. 10

Q. You were not present at the transaction?—*A.* I was not present when the money was paid over.

Q. Do you know who paid the money to the Gold Fields Company?—*A.* I assume, I do not know.

Q. Did you ever hear of a concern called the E.Y. Syndicate?—*A.* I heard of it since these proceedings.

Q. You had nothing to do with it?—*A.* No.

Q. Would it surprise you to know it was the E.Y. Syndicate who provided the money?—*A.* I don't know who provided the money.

Q. Would it surprise you to know it was the E.Y. Syndicate who made the arrangement with the Company?—*A.* Oh, I do not know. 20

Q. If that happened to be true you would be very much surprised?—*A.* I only know what I have been told, and I cannot mention that.

Q. I am concerned with this, you are claiming you were an assistant in the transaction. I am trying to find out what you know about the transaction.—*A.* I can explain that to you very clearly, I told you I assisted by £11,925 and other securities and cash, and also my services from 1925 to 1930. I did nothing at all in connection with the consolidation except find Treadgold some cash. That is all I know.

Q. Let me tell you my instructions are that the transactions occurred prior to 1926.—*A.* What has that to do with me? 30

Mr. MASON: Surely that is not a proper question for my friend to say my instructions are so and so. My friend says my instructions are.

Mr. ROBERTSON: If my friend would wait till I get through before interjecting his objection. If my friend would wait till he hears the question. The witness was going on to make a long explanation and said he was not familiar with what happened in the latter part of 1926 to 1930. I want the witness, who having already said he participated in the transaction and it took place in 1923 and 1924. I was really trying to tell him we were talking about the same period. 40

Q. What I want to know from you is whatever you can tell us that will indicate that you were taking an active part in the transaction with the Gold Fields Company.

His LORDSHIP: You are inviting a lot of trouble, having regard to this witness. Without reflecting on the witness, he is a trifle garrulous. I think you will get a lot of history from him.

Mr. ROBERTSON: I do not think so, my lord. I do not think the witness knows anything about it.

Q. I suggest to you you do not know except as you say someone told you who obtained the option.—A. I do know Treadgold obtained the option, purchased the Consolidated Gold Fields interest for £60,000. I do know he borrowed money, and I do know I assisted him in both these things.

Q. If you will take one of these things at a time. Do I understand you pledge your oath that you have knowledge it was to Treadgold it was given?—A. It is my personal knowledge that Treadgold received the option from the Consolidated Gold Fields to purchase the assets for £60,000 which was turned over to the Yukon Consolidated by Treadgold.

Q. Where did you get that personal knowledge?—A. I told you from Treadgold and the Directors of the Consolidated.

Q. You saw no document?—A. I cannot remember whether I did or did not at this stage, it is twelve years ago. It is a long time to ask me to tax my memory about documents. I have been asked so many things about this matter I get into a muddle.

Q. When you say you had information, you acquired that from Mr. Treadgold?—A. Yes.

Q. I want to know whether you have any knowledge from having been present on any occasion—just a moment—whether you have any knowledge from having been present on any occasion when any business was actually transacted as to who the option was given to.—A. I have been present at negotiations taking place between Treadgold and the directors of the Consolidated Gold Fields.

Q. Did you know who Treadgold was acting for on that occasion?—A. He was acting for himself, as I understand.

Q. You got that from him?—A. I got it from my participation in the negotiations.

Q. You told us what you had to do with it?—A. I told you it was so small up to 1925 and since then it was merely cash.

Q. You suggest from 1925 you were advancing cash?—A. I did.

Q. Your own money?—A. Money of my own.

Q. You have brought nothing whatever to show you advanced a dollar.—A. I have brought with me past transactions to show where I was getting the money from to advance it to Treadgold.

Q. You have not brought anything with you to show you advanced \$1.00 to Treadgold.—A. I think I have.

Q. Where do you say you can show it from?—A. From the pass book, there would be cheques on the bank account.

Q. Will you answer the question?—A. Certainly there would be.

Q. Did you bring them?—A. No.

Q. Were you paying Treadgold money during the period you were writing letters to Burton & Company?—A. Yes.

Q. Substantial sums?—A. Sums of £50 at a time.

Q. You have not seen fit to bring a single voucher in the way of a cheque making payment?—A. No, I was advised it was immaterial.

*In the
Suprem
Court of
Ontario*

Plaintiff
Evidence

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continuu

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.

Cross-exa-
mination
by Mr.

Robertson.
—continued.

Q. You have no receipts?—A. I never had a receipt from Treadgold in my life.

Q. You have none now?—A. No.

Q. You made a statement about the Harrison interest?—A. Yes.

Q. Do you know what the Harrison interest was in?—A. It was an interest, as I remember, going back to 1920—my memory is very bad on the point. It was an interest they purchased from a man called Erbslow for £40,000 odd.

Q. In what?—A. Various properties, what we call property shares in the Yukon Company. 10

Q. Do you know anything about it, or did you ever know anything about it?—A. I did know at that time. I have forgotten. I was only told, I do not know of my own knowledge.

Q. You told me yesterday you did not know what the price was.—A. I always knew what the price was, because all the prices I got by my own making.

Q. The price which was being paid by Treadgold or whoever purchased?—A. Harrison didn't know what he was going to get.

Q. Were you aware Harrison produced a letter which showed definitely what he was to get?—A. I understand from Harrison he didn't know what he was getting. 20

Q. You are not aware that at the same sittings as the Patton and Yukon case before Mr. Justice Raney there was also a case of Harrison versus the company?—A. I did not know there was such a case.

Q. You did not know there was a judgment?—A. No.

Q. If you had been a party you would have been one of the interested parties?—A. I consider I was interested in the transaction, and the money Treadgold had from me he was paying Harrison.

Q. You would have been a material witness?—A. I could have stated Treadgold— 30

Q. You may think that has something to do with what you are asked. Kindly remember you are a witness on oath and you are asked questions and are expected to answer?—A. I am trying my best to answer.

Q. I am putting it to you whether or not you would have been a material witness in the action if you really knew anything about the dealings between Treadgold and Harrison?—A. I cannot tell you what a material witness means in an action.

Q. Have you no idea what a material witness means?—A. An important witness.

Q. A witness who knew something about it, can give evidence about it—wouldn't you have been a witness of that character?—A. I really know nothing about the matter. 40

Q. You were not even told the lawsuit was pending?—A. No, I was not even told that.

His LORDSHIP: You had no knowledge that Harrison had sued Treadgold?—A. No.

Q. That action was disposed of at the same time.

Mr. ROBERTSON : It was disposed of by Mr. Justice Raney and there was no new trial on that occasion.

Q. Then the other matter you mentioned yesterday was Mr. Patton?—

A. Yes.

Q. Are you seriously suggesting you had anything whatsoever to do in the most remote way with Mr. Patton's transaction?—A. I will suggest all I know is this that Lawrence obtained the properties and was given some money from Treadgold, and he got some from friends. That is all I know about it.

10 Q. Where do you say it was employed?—A. I suggest it was employed by Treadgold in the capital expenses and in bringing about the consolidation.

Q. Who did you understand got the money you provided?—A. Treadgold I understand it was.

Q. Where was it to go?—A. Bring about the consolidation.

Q. We are talking about Patton.—A. Direct out of Harrison and Treadgold and the Gold Fields, and Treadgold wanted money for that purpose. That was my difficulty in 1930.

Q. When you suggested Patton you suggested him as one of the parties whose money went in it?—A. I suggested him as one who was in it side
20 by side with Harrison.

Q. What do you mean "side by side"?—A. They were grouped to one another, and I thought it was in the group.

Q. Do you suggest Mr. Patton and Mr. Harrison were grouped together?—A. Yes, that is what I understood.

Q. Isn't the fact of the matter this, you have in the time available to you been trying to absorb from Mr. Treadgold some knowledge of what really did occur, and your memory is not able to serve you?—A. In 1930 when I took the transfer I knew I had such small legal rights to anything from Mr. Treadgold I would not bring this into consideration at all prior
30 to the bargain made in 1930. I had got nothing for my money or purposes. I am not relying in this action on anything that happened prior to 1930 as a consideration for these shares.

Q. Is this an affidavit you made?—A. Yes.

Q. Is that your affidavit?—A. Yes.

Mr. ROBERTSON : This is an affidavit made by the witness in the action of Patton and others against the Yukon and Treadgold, an affidavit sworn on the 19th March, 1934.

His LORDSHIP : It is in which action?

Mr. ROBERTSON : Patton and Yukon.

40 Q. This affidavit was made, was it not, for the purpose of your motion before the Court of Appeal for leave to intervene in the Patton action?—A. Yes.

Q. It was drawn here in Toronto?—A. Yes.

Q. By the solicitors you then had retained?—A. By my present solicitors.

*In the
Supreme
Court of
Ontario.*

Plaintiff:
Evidence

—
No. 8.
Vernon
Wright
Worsdale
Cross-exa-
mination
by Mr.
Robertson
—*continue*

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson.
—continued.

EXHIBIT No. 12: Filed by Mr. Robertson: Affidavit of V. W. Worsdale in action of Patton and Yukon, March 19, 1934.

Q. In this affidavit, in paragraph 7, I find this statement :

“ I am advised and believe that the respective plaintiffs each received the shares held by them in the said The Yukon Consolidated Gold Corporation Limited for considerations which are exactly identical with part of the consideration for which I received my shares.”

And the consideration received by the plaintiff, what was that consideration?—A. Shares received by the plaintiff from Treadgold. 10

Q. “ shares held by them in the said The Yukon Consolidated Gold Corporation Limited.”—A. Shares that were held by them were received from Treadgold.

Q. You are swearing that?—A. That is my information.

Q. What was the consideration?—A. Cash and properties and services.

Q. And services?—A. Yes.

Q. Well, do you know what Mr. Patton received?—A. I do not know what he received. I know only the shares he received he received from Treadgold.

Q. You say he received them from Treadgold?—A. Yes. 20

Q. You are not pledging your oath as to your knowledge of that?—A. I am pledging my knowledge no one in the company has ever received a share except from Treadgold. I understand that.

Q. When you do not know anything it would be all right for you to say you do not know.—A. The difficulty I am in is to say whether I know or do not, I have heard. That is the trouble I am in.

Q. One of the important matters in this action is as to the credibility of witnesses. If a witness speaks loosely as to what he knows or what he has personal knowledge of he is liable to get into difficulties. I suggest we do not have any difficulties about this matter. When I ask you if you have personal knowledge of a matter, let me tell you I do not mean did Treadgold tell you so. Did you ever know what Mr. Patton got his shares for?—A. Well I know by being told, and that is all. 30

Q. By whom?—A. Treadgold.

Q. What this affidavit should have said, not as positively as it does, but just what you were informed by Treadgold?—A. I put my position forward that these directors got their shares from Treadgold in the same way I got mine, except I paid cash and made a complete bargain to get out of the mess which everybody was in.

Q. You do not know what the properties were?—A. No. 40

Q. You cannot tell us what they are?—A. No, I have no idea.

Q. You have no idea what they are?—A. Not the slightest.

His LORDSHIP: He said he turned over the property in shares, what does he mean by that?

Mr. ROBERTSON: Q. What do you mean?—A. I mean for the moneys which I advanced to Treadgold to obtain various shares they went to the

Consolidated Company. I was to get something back from Treadgold in respect to that. That is what I mean.

Q. You kept no record of what the shares were?—*A.* I never had a chance of finding out.

Q. The shares you yourself turned in?

Mr. MASON : He did not say that.

WITNESS : The shares which Treadgold turned in to the Consolidated Company which he obtained on my money and my friend's money.

Q. We leave the properties out and it is all money?—*A.* You leave
10 the properties out.

Q. You may have had an interest, or Treadgold may have promised you an interest, and I suggest to you that would be evidenced by something you have not produced so far as your legal position is concerned?—*A.* That is your reasoning. You are cross-examining me on almost an impossible proposition of memory.

Q. I believe that you realize that the shares that are in question here that you say were assigned to you are more than 25 per cent. of the authorized capital of this Company, do you realize that?—*A.* I realize it is a third of the Company.

Q. Yet you cannot tell us you advanced any money?—*A.* I am not
20 relying for one moment on anything which happened prior to 1930.

Q. Apparently you do rely on what happened before 1930, because you told us you and your friends advanced money.—*A.* They were never getting any consideration for.

Q. I am concerned in the relevancy of your answers as well as I am in the truthfulness of your statement.—*A.* I make the statement definitely on oath that from 1920 to 1930 Treadgold received money from myself and friends which he put into properties which went to the Consolidated Gold Fields and from which we never received anything, and I am not
30 expecting anything from these moneys.

Q. Not as part of the consideration?—*A.* No, as an inducement leading up to what the consideration is.

Q. What we might call past consideration we may disregard as part of the bargain?—*A.* Except to show good faith and bona fides of myself in this transaction.

Q. We can come right down to 1930?—*A.* Yes.

Q. In 1930 you were on one side of the Atlantic and Mr. Treadgold was on the other?—*A.* Yes.

Q. You produce no correspondence?—*A.* No.

Q. You furnished no correspondence during the period to your Trustee
40 in Bankruptcy?—*A.* No.

Q. When he was examined in this matter and made an affidavit on production he could produce no correspondence?—*A.* No.

Q. Then was the bargain or the matter threshed out before Mr. Treadgold got across, or did you make it over there?—*A.* The bargain was forced out of Mr. Treadgold by me by correspondence with Treadgold.

*In the
Suprem
Court of
Ontario*

Plaintiff
Evidenc

No. 8.
Vernon
Wright
Worsdale
Cross-exa
mination
by Mr.
Robertso
—continu

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson.
—continued.

Q. I hope you have not forgotten it was only yesterday afternoon you made the statement to his Lordship that your discussion about terms were verbal, you have not forgotten that?—*A.* I never made such a statement, no I did not.

Q. Yes.—*A.* It was a misunderstanding; that is absolutely wrong.

Mr. MASON: The witness stated some time previously he had a conversation with Treadgold and nothing was verbal, everything was in writing.

Mr. ROBERTSON: *Q.* You say now you did not say that?—*A.* Certainly not. 10

Q. However, the correspondence you left somewhere else?—*A.* Yes.

Q. I see this affidavit of yours, you did not make this affidavit recklessly, did you?—*A.* Which affidavit?

Q. The one I showed you a little while ago.—*A.* Yes.

Q. It is carefully made?—*A.* Yes.

Q. I notice you say the certificate together with one other for 116,100 shares were delivered to you on or about the 10th of July, 1930, with the deed of transfer marked Exhibit "A"; that is not correct?—*A.* On or about the 10th of July; I took the dates from the actual document.

Q. You were swearing?—*A.* I said on or about the 10th of July. 20

Q. Here is a transaction which did not happen in July.—*A.* It happened in August. I went by the date in the documents when I made the affidavit.

Q. Is there any document dated in August that relates to this transaction?—*A.* There is no document dated in August.

Q. Why do you say August now?—*A.* I paid the money to implement the bargain in August, and I received the document in August.

Q. I want to know why, if you were swearing in 1933 that it occurred in July?—*A.* I did not swear it occurred in July. I say on or about July. The date is on the document I went by. It must have been about the date of the document. I was staking my oath I could not possibly say. 30

Q. That is the explanation you make of that?—*A.* It is the true one.

Q. It is the best one?—*A.* It is the true one.

Q. Had that certificate been out of your possession in the meantime?—*A.* What do you mean?

Q. Between the date when you received it in 1930 and the date of making the affidavit.—*A.* It has been out of my possession on several occasions.

Q. Is this statement true that is in the affidavit in paragraph 4:

"At the time the said shares and certificates were handed to me I was requested by the said Treadgold not to register the transfer 40 as it would affect his position in the Company—"

Is that true?—*A.* Yes.

Q. Is that the reason you agreed not to register?—*A.* That is one of the reasons.

Q. You did agree not to register?—*A.* Yes.

Q. Did you agree also as stated in the letter of Mr. Treadgold, which has been put in? The letter reads:

“In consideration of your not registering the transfer of the shares of the Yukon Consolidated Gold Corporation Ltd., which I have today transferred you I undertake to hand to you any dividend which may be received on said shares and to send you all notices from the Company respecting the said shares.”

That was also part of your understanding?—A. That was drawn by my solicitors and sent to Treadgold for signing.

10 Q. It was drawn by your solicitors?—A. Yes.

His LORDSHIP: That is Exhibit number?

Mr. ROBERTSON: One of the very first exhibits, Exhibit No. 3.

Q. You did not answer my question. You are very much disposed to talking about something else. Did that set forth part of the understanding?—A. Yes, certainly it does. I have sworn that.

Q. Was this matter further discussed when he arrived back in England?—A. Yes.

Q. That remained part of the understanding?—A. Yes.

Q. Who was to vote on the shares?—A. Mr. Treadgold.

20 Q. He was to appear upon the Company's register as a shareholder?—A. Yes.

Q. That was definitely agreed as part of the transaction?—A. I agreed at that time that that should happen.

Q. You never in fact communicated to the company that you had any interest whatever until some months after the trial before Mr. Justice Davis and the judgment in the Patton action?—A. Because I looked upon Mr. Treadgold as the President of the Company.

30 His LORDSHIP: Did you directly communicate with the Company advising them that you be certified for these shares?—A. No, sir, I did not, my lord.

Mr. ROBERTSON: Q. Now, you have said in your evidence that the shares were valueless; did Mr. Treadgold tell you the shares were valueless?—A. No, he did not.

Q. Did he tell you they would be of very considerable value?—A. He said they would be of very considerable value if I could find him more money, if he could get £30,000 and pay off the writs issued against the company.

Q. Did you see at that time any of the circulars that Mr. Treadgold was issuing?—A. No.

40 Q. He did not give you one?—A. I never saw a circular of the Yukon Company at all.

Q. Nor of Mr. Treadgold?—A. No.

Q. Did you see a balance sheet or a financial statement of the Company?—A. No.

Q. Did you ask for one?—A. I did ask for a balance sheet.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson.
—continued.

*In the
Supreme
Court of
Ontario.*
—
Plaintiff's
Evidence.
—
No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. You know your name was stricken off?—*A.* Not my name.

Q. Do you know that prior to that, that an investigation was directed by the Secretary of State into the affairs of the Company?—*A.* I know nothing of that at all.

Q. Do you know that now?—*A.* I did not know until you mentioned it now.

Q. Did you know that a Commissioner went to England and examined witnesses there?—*A.* No, I did not know that.

Q. That was never communicated to you?—*A.* Never came to my notice. 10

Q. When did you know that a Shareholders' Committee was active in England?—*A.* I did not know that.

Q. Did you know that meetings were held at which Mr. Treadgold attended claiming he represented much more than a majority of the shareholders, did you know that?—*A.* No.

Q. He did not speak to you about any of these things?—*A.* He never told me one word about it.

Q. Do you know now that at the trial of the Patton action before Mr. Justice Raney application to intervene was made on behalf of certain shareholders?—*A.* I didn't know that. 20

Q. You were never mentioned?—*A.* I didn't know that.

Q. Did you know at the trial before Mr. Justice Davis someone attended wanted to participate?—*A.* I knew nothing whatever of any trials before Mr. Justice Raney or Mr. Justice Davis.

Q. In all these important things that took place you were never informed of anything?—*A.* I was never informed of anything, and I relied entirely on Treadgold for any information I got.

Q. I suppose you know now that in 1931 this share certificate for a large number of shares was in the City of New York?—*A.* Yes, I know now.

Q. You did not know then?—*A.* I knew at the time it was held in 30 the City of New York. It was held for me in New York in 1931 and 1932.

Q. By whom?—*A.* Williamson.

Q. Held for you?—*A.* Yes.

Q. Would you be surprised if Mr. Williamson said he never heard of your existence?—*A.* I wouldn't be surprised.

Q. You know Mr. Williamson has been examined as a witness in this action?—*A.* I did not know that.

Q. Did you ever communicate with Mr. Williamson?—*A.* No, Mr. Treadgold told me he had placed the shares with Mr. Williamson for safe custody, and they were held for me. 40

Q. Do you know why they were placed in Mr. Williamson's hands?—*A.* Yes.

Q. Why?—*A.* I asked Treadgold to try and realize some of these shares for me. He failed to realize, and they were returned.

Q. Why were they put with Williamson?—*A.* For custody.

Q. From what?—*A.* To save being lost and losing the certificate.

Q. When were they put in Mr. Williamson's custody?—A. Somewhere in 1930 and in 1931, when I purchased them.

Q. You never communicated with Williamson?—A. No.

Q. Did you know his address?—A. I knew of him, but I have never communicated with him.

Q. What did you know of him?—A. I only knew the shares had been deposited with Williamson by Treadgold for safe custody.

Q. Did you know where his address was?—A. In New York somewhere.

Q. That is indefinite?—A. Yes.

10 Q. Do you know what his business was?—A. I think a stockbroker.

Q. Are you suggesting Mr. Williamson had any instructions to try and sell them?—A. I suggest Mr. Treadgold had my authority to try and sell them for me.

Q. Do you suggest Mr. Williamson had any instructions to try and sell the shares?—A. I don't know what instructions he had.

Q. Are you suggesting they were in his hands for sale?—A. I only knew the shares were in his hands for safe custody.

Q. Why in his hands for safe custody?—A. He had a safe and Treadgold did not take them to New York only in his pocket.

20 Q. Do you know what time they were taken out of Mr. Williamson's custody?—A. Shortly before they were given back to me. They came straight back from New York to me, some time in 1932, the early months of 1932.

Q. Do you know they were taken out of Mr. Williamson's custody within a week after Mr. Justice Raney had delivered judgment in the Patton action?—A. I did not know anything about that.

Q. Have you been informed Williamson was a witness before Mr. Justice Raney?—A. I have never heard of Mr. Williamson except as custodian of the shares.

30 Q. You had no intimation from Williamson that he was holding the shares?—A. I had Treadgold's receipt only and undertaking to return.

Q. That receipt you have seen fit to leave across the ocean?—A. That receipt I returned to Treadgold, or my headquarters did, when he returned the shares.

Q. Your explanation is you know nothing of it?—A. The explanation passes back to Treadgold when we got the shares back.

Q. Did Mr. Treadgold's authority from you in connection with these shares extend to borrowing money on the large certificate?—A. It extended so far as borrowing money, subject to my sanction, if he could obtain a

40 loan.

Q. And you said you had arranged for £30,000?—A. Yes.

His LORDSHIP: He had arranged for the difference between £30,000 and some £3,000 I think that Treadgold raised himself.

Mr. ROBERTSON: When did you arrange for that?—A. I arranged that immediately after I purchased the shares in 1930, and I arranged it with the people to find £400,000 for the Antrim Electricity Company.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.
Cross-examination
by Mr.
Robertson.
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson.
—*continued.*

Q. Their name is what?—*A.* The British Electric Traction.

Q. The security they were to have was what?—*A.* I underwrote, with all my friends in Antrim £30,000 for Treadgold's financing the Yukon Company. We never had a live proposition put forward and Treadgold never came forward with the security.

Q. He had to put up the security?—*A.* The company had to put up security.

Q. You were remaining away from the money?—*A.* I had money at my finger ends in pursuance with my arrangement with Treadgold.

Q. Am I putting it all unfairly to suggest to you it was then you suggested that you find someone who had money and who would be willing to loan it on proper terms and security?—*A.* That is all I was concerned about.

His LORDSHIP: *Q.* Did I understand you to say you had arranged with some of your associates in the Antrim Company?—*A.* Yes.

Q. They had arranged to advance you £30,000?—*A.* They had arranged to participate with me in underwriting £30,000 of security.

Mr. ROBERTSON: *Q.* Were these shares to go up as security shares in the big certificate?—*A.* They would not look at the shares.

Q. I asked if they were to go up as collateral?—*A.* No.

Q. Why did you make the answer to me as you did a little while ago with respect to these shares?—*A.* I tried to use the shares as security and could not do so.

His LORDSHIP: I do not understand the proposition yet. I think I do in a general way.

Q. You arranged with your associates the Antrim Company to underwrite with you £30,000, if necessary, to be available for Treadgold?—*A.* For the Yukon Company.

Q. But the condition precedent to that, they were to furnish the security. Do I understand you further to say that no part of the security was to be shares in the Company?—*A.* That is so, my lord.

Mr. ROBERTSON: *Q.* Again we are utterly without any documents?—*A.* Without any documents.

Q. No letter, or anything else?—*A.* The only documents I have I have put in.

Q. Of course if you had this large interest in this Company there must have been a good deal of correspondence between you and Mr. Treadgold?—*A.* There has been a great deal of correspondence between Mr. Treadgold and myself since 1910.

Q. Since 1930?—*A.* Not so much since 1930. He ceased to get any money from me in 1931.

Q. You surely were interested. Didn't you know he was out here in Canada?—*A.* I looked upon the Yukon end as no value, and I was afraid it had gone wrong.

His LORDSHIP: Why did you then arrange with your associates to raise £30,000?—*A.* Because, my lord, it would have made the property

go, so Treadgold told us, if he could buy the properties and all the writs against us.

Q. Tell us when it was these £30,000 were arranged for.—*A.* Almost immediately after the 27th of August, 1930.

Q. The money was as easy to find as that?—*A.* I found for the Antrim Company £60,000.

Q. In 1930 or 1931, money was hard to find?—*A.* I found over £40,000 for my creditors and paid them in full.

Q. I am talking about 1930 and 1931?—*A.* 1930-1931 I was making
10 a great deal of money, which enabled me to pay my creditors in full and keep financing Treadgold.

Q. We have these letters which were read this morning?—*A.* Yes, you have letters—I was struggling with £40,000 of judgment creditors after I sold everything I had in 1926, and I struggled and paid these in full in 1931. You will remember, although I wrote letters in 1930, I am still carrying on business and making money, otherwise I could not pay instalments.

Q. These letters are perfectly true?—*A.* If I had been pressed into bankruptcy everybody would have lost everything.

Q. You were so short of funds in 1934 when you were out in Canada you borrowed £400 from your solicitors and put up certificates as security?
20 —*A.* I had paid £4,000 income tax—

Q. Answer my question.—*A.* I was short of money in Canada, I was here longer than I expected I would be.

Q. You borrowed from your solicitors?—*A.* I believe I had some money from my solicitors.

Q. Isn't it a fact you pledged a certificate with them for the £400 you borrowed?—*A.* Yes.

Q. Isn't it a fact you did not pay it, and in your bankruptcy they
30 proved a claim?—*A.* The reason the order was made was because I was away, I could not see anybody.

Q. You left the certificate with them as a pledge?—*A.* They had the certificate for the purposes of the action, and it passed automatically to them for costs, and all moneys owing by me.

Q. They were holding the certificate as security?—*A.* They were entitled to hold it.

Q. That was the arrangement?—*A.* There was no arrangement made at all—

Q. Will you wait till I ask a question before you talk any more? Is
40 it not a fact that you gave your solicitors a certificate for the money you borrowed from them in the spring of 1934?—*A.* I should say it is not a fact.

Q. Do you say that is not right, that for some further money you borrowed from them in the spring of 1934, that you gave them a lien?—*A.* That lien was created by the fact the certificate remained in their office.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson.
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Stuart Brown to Mr. Martyn again. Mr. Martyn knows the money went, and Mr. Treadgold never found a penny.

Q. Did you see what your Trustee said on his examination?—*A.* My trustee stated Mr. Treadgold found £200. It was true in a sense it was removed from Mr. Stuart Brown to Mr. McLaughlin, but that money was Mr. Martyn's money and represented 500 shares security for costs.

His LORDSHIP: Who is Mr. Martyn?—*A.* He is a solicitor. He is entitled to 60,000 of the shares for money and property.

Q. What are his initials?—*A.* I have forgotten his initials.

Q. Not Mr. Martyn of Martyn & Trask?—*A.* No, he practises by 10 himself.

Mr. ROBERTSON: *Q.* You do not know his initials?—*A.* No.

Q. Do you know if he is a brother of Mr. Martyn of Martyn & Trask?—*A.* I do not know.

Q. You do not know of any way of identifying him?—*A.* I do not know of Martyn & Trask.

Q. In connection with this Yukon matter?—*A.* No.

Q. Never heard of them?—*A.* No.

Q. After Mr. Treadgold broke the news to you about the judgment in the Patton action?—*A.* No. 20

Q. You had interviews, had you any at the office of the company at which Mr. Troop and Mr. Patton were both present?—*A.* Yes.

Q. At the London office?—*A.* Yes, the office of Mr. Patton or Mr. Troop. I do not know if it was the office of the company.

Q. Where was the office at which you had the interview?—*A.* Somewhere in London, I have forgotten where.

Q. 61 Moorgate?—*A.* Yes.

Q. Is that Mr. Hay's office?—*A.* Yes.

Q. You know Mr. Hay acts as Secretary and has a transfer office and that sort of thing for a great many mining companies?—*A.* Yes, I knew 30 Mr. Hay had that office.

Q. Mr. Hay was there?—*A.* Yes.

Q. He resides in London?—*A.* Yes.

Q. On this occasion in the first interview did you discuss anything except Yukon shares?—*A.* I discussed an interest in other shares besides the Yukon shares.

Q. Did you know then of any other shares you had an interest in?—*A.* Yes.

Q. That is not so very long ago?—*A.* No.

Q. What concerns did you have an interest in then that you wanted to 40 know about?—*A.* I had an interest—you asked if I was the registered holder of any shares in any Canadian company, I had an interest in other shares in the same way I have shares in the Yukon, not yet registered.

Q. In what other company?—*A.* Interest in Canadian companies.

Q. Which were merged or brought into this company?—*A.* They were intended to be merged in this company. I had an interest, my lord, in the

New Northwest Company shares, Dominion shares and various other shares which formed part of the consolidation.

Q. Did you every have any certificate?—A. I never got certificates.

Q. You got nothing?—A. No.

Q. This part that you held being all previous to 1930?—A. Yes.

Q. You did not have a certificate for anything?—A. I had a certificate for the Yukon shares.

Q. Apart from that?—A. No.

Q. Anything else?—A. No.

10 Q. You did not bring that certificate with you to the interview?—A. I am not sure.

Q. Did you not at the first interview claim that this certificate had been taken as security for moneys advanced?—A. Certainly not.

Q. You say that was not said?—A. That was not so.

Q. Did you say on that occasion that the Yukon Company was working properties which belonged to you?—A. I did.

Q. You made that statement?—A. Yes, I made the statement.

Q. You did not mention properties?—A. I don't know whether I mentioned properties or not, I certainly made that statement.

20 Q. You wanted a cash offer?—A. No, I wanted to get registration, and I was met by the statement that they would not register the certificate of shares that have been cancelled on the ground of fraud. I set up fraud as against him or the directors who issued it to me. They said, Let us have your position and we will see what you can do. I went straight to Canada.

Q. Did you not ask for cash?—A. Certainly not, all I wanted was a certificate of registration, when I knew there was something wrong, when the directors issued a certificate in fraud.

Q. Did you not on that occasion promise you would bring to a later interview, or furnish in some other way particulars of your holdings?—

30 A. No, I did not, I disclosed particulars of my holdings in the Yukon to them.

Q. Particulars of how much you were holding?—A. Particulars in the Yukon, because at that time the registration—

Q. On the second occasion, which is only a few days after the first,—the second interview was a few days after the first?—A. I do not remember two interviews, I remember one interview and one only. I will tell you what I remember about the interview.

Q. You disclaim any statement that Mr. Weinheim had conducted the negotiations on your behalf for the transfer of the large certificate to you?—

40 A. I have never seen or heard of Mr. Weinheim.

Q. You never used his name on that occasion?—A. I never heard of him.

Q. There was nothing said about him on that occasion?—A. I have never seen the man or never heard of him until I got to Toronto.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Cross-exa-
mination
by Mr.
Robertson.
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Re-exa-
mination
by Mr.
Mason—
continued.

Q. How was that based?—*A.* On earnings only, not on increment value, profits, cash or sale profits.

Q. Can you tell me what rate that is?—*A.* About 4s. 6d. in the pound.

Q. As these moneys came in you discharged these indebtednesses, met these various demands and so on?—*A.* Yes.

Q. My friend also asked you whether you had not been at an early date a solicitor's clerk in some office in London. You told him you had been a solicitor's clerk and managing clerk?—*A.* Yes.

Q. Did you occupy any other position other than that?—*A.* I was Chairman of the Earls Court Exhibition, I was owner of a London theatre, I was Chairman of the Digby Golf Club, and Chairman of the Fairbanks Gold Mining Coy. 10

Q. That is a Yukon Company?—*A.* An Alaska Corporation. I was director of the building and construction of the Rosyth Naval Base in Scotland. This was towards the end of my solicitor's clerkship period which really ceased in 1910. I later associated with the firm more as a client than a clerk.

Q. You were asked by my friend if you were in the employ of Veasey, and you said you were employed in 1925?—*A.* Yes.

Q. And you were their client in 1920?—*A.* Yes. 20

Q. Were you in the employment of Veasey & Company?—*A.* I was not in their employ. They acted for me when I purchased the Earls Court Exhibition and on the sale of the Exhibition. They acted for British Films of which I was Chairman, and they acted for various companies of which I was a Director.

Q. My friend asked you about payments made to Mr. Treadgold, and he asked whether you had anything in writing in regard to your remittances, and you told him you had certain pass books?—*A.* Yes.

Q. Are these the pass books?—*A.* Yes.

Mr. ROBERTSON: I do not want him to produce his wife's. 30

Mr. MASON: I am going to ask the witness to tell what his situation was, as my friend has referred to it.

His LORDSHIP: I am going to find out whose books they are.

Mr. MASON: Two are Mrs. Worsdale's and one is his.

Q. Tell the Court what relationship these books have to these payments.

Mr. ROBERTSON: The witness can answer the question. He said he had his bank pass book, and if he has a bank pass book that is all right. It happens to cover only a certain period.

His LORDSHIP: You did develop it on cross-examination.

Mr. ROBERTSON: I am not objecting to his producing his own, but I am objecting to him producing his wife's. 40

Mr. MASON: He referred to certain pass books, and my friend raised the question he did not have anything to show the payments. Because my friend has brought out a reference to pass books I want the witness to explain to the Court what he has.

A. In 1926 after I had paid the bulk of my creditors I had a very large amount of judgments. I was owing my wife £30,000 which she had loaned to me to pay my creditors with. I arranged with her she should have the whole of the money for repayment and what I owed to her subject to what I needed to draw to carry on to keep going. Therefore she opened an account with Barclays Bank and the bulk of the moneys which I made were put into her account, and went in reduction, first of my liability to her, and I agreed to new liabilities by taking moneys from her as I wanted them. In 1931 when I discharged the whole of my indebtedness under my various judgments I opened my own bank account with Barclays Bank, and these are the pass books covering these periods. Two cover the period up to 1931 and the other covers the period from 1931, that being my own.

10

Q. Will you give me the date on which your own pass book started?
—A. July 21st, 1931.

Q. Will you give me the date at which Mrs. Worsdale's account finished?
—A. Her account continued notwithstanding I had started one.

20

Q. Will you tell the Court what relationship any of these pass books have in the payment to Mr. Treadgold?—A. Mr. Treadgold always required from me cash in small sums of about £50 or £100 and other amounts. I never let him have any more than £100 at once. Whenever I wanted £50 or £100 for Mr. Treadgold I drew it from my wife's account until 1931, when I drew it from my own account.

Q. Will you show the Court in this pass book the payments which you can identify as moneys drawn to pay Mr. Treadgold?

Mr. ROBERTSON: I submit my friend cannot do that, an inspection of these books will show the name Treadgold does not appear. My friend is really saying to this witness, Here is a book and there is nothing in the book to show any payments to Treadgold. He is asking the witness can he pick out some sum which is not identified with this transaction.

30

His LORDSHIP: Mr. Robertson, as I understood your cross-examination of the witness you started back in 1920 to 1926, and one definite period from 1926 to 1931. We will call it two definite periods. You cross-examined very thoroughly in regard to moneys he had during the period. Then in 1926 and to 1931 in your cross-examination of the witness he referred to the fact, and it is on these exhibits that have been put in, that moneys are shown which he borrowed from his wife. She turned over properties to him and loaned him moneys. Surely the witness in dealing with his own pass book may pick out, if he can, and he is prepared to swear to it, the various sums of money, though they are not identified in the pass book and no cheques are produced, if he can tell us and pledge his oath that these payments or that payment was made to Treadgold, that is evidence.

40

Mr. ROBERTSON: It is not re-examination. If my friend wanted to give detailed information he should have given it in chief. I was challenging the witness as to vouchers which showed what he had paid.

His LORDSHIP: Were you not challenging his ability to advance these moneys which you said he had advanced to Treadgold over a period of time?

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 8.
Vernon
Wright
Worsdale.
Re-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.
Vernon
Wright
Worsdale.
Re-exa-
mination
by Mr.
Mason—
continued.

Mr. ROBERTSON: I hardly put it that way. I put it this way, his ability, if the statement in his letters are true, to lend money to anybody. It does not help one particle to produce a bank book which does not show anything of the kind; it does not appear by the book that he loaned money. I submit it does not advance this case one way or the other.

His LORDSHIP: I think it is for me to say whether the evidence is admissible, and I think it is properly admissible. It may be a prodigious task for the witness to say over a period of years.

WITNESS: I will identify 1929 £1,050 paid to Mr. Treadgold. I will identify in 1930 £1,000 definitely, and probably an additional £50. 10

Q. Paid to whom?—A. Treadgold.

Q. This money was all paid by cheque?—A. No, it was always paid in cash. Treadgold always wanted £50 in cash.

Q. Do I understand you drew your own cheque and cashed it and paid him the proceeds?—A. My wife drew her cheque, which I cashed, in favour of myself, and I paid him cash, and used part of the proceeds myself and in other cases I used for other purposes. In 1931, £750 was the financial advance made to Mr. Treadgold by myself.

Mr. MASON: Q. With reference to the particular £300 which you mentioned in your examination previously, will you indicate to the Court 20 the source of these moneys?—A. They were drawn by my wife in my favour, and I cashed the cheques and handed the proceeds of the cheques to Mr. Treadgold.

Q. What is the date over which the £300 was paid?—A. From August 27th to October 6th, 1930.

Q. This was drawn from your wife's account?—A. Yes.

Q. Does the pass book which you produced, of your wife, indicate the various payments during the period in question?—A. Yes.

Q. The various amounts drawn by your wife, on your wife's account, and paid by you to Treadgold? 30

His LORDSHIP: He said the amounts drawn from his wife's account, and the value of which was paid to Treadgold.

Mr. MASON: Q. I want you to show from these pass books the payments that came from your wife's account, and paid to Mr. Treadgold.

Mr. ROBERTSON: My friend had better see what the book says before he asks that question. If the book is going in we do not need to ask the witness anything.

His LORDSHIP: All the book shows is the different amounts that were withdrawn, and this witness says I identify these amounts and he says in respect to these amounts they were paid to Treadgold and in regard to other 40 amounts they were withdrawn and he took some for himself.

Mr. ROBERTSON: My friend was coupling the two.

Mr. MASON: Q. Having heard the way his Lordship has put it will you take the pass book and indicate to us the various entries in the pass

book that you connect with the payments to Mr. Treadgold? Let us take £300 first?—*A.* August 27th, 1930, £15.

His LORDSHIP: Are you now dealing, as you have been asked to by Mr. Mason, in respect to the £300 payment made up of various items?—*A.* Yes. September 8th, £50; September 13th, £100; October 2nd, £50; October 18th, £50; I think that makes £300.

Q. You said previously October 18th. I think you said a moment ago October 6th.

Mr. MASON: He said August 27th to October 6th.

10 His LORDSHIP: What is correct, in October?—*A.* When the £300 finished—October 18th. *Q.* These exhibits will be marked "A," "B" and "C."

Mr. ROBERTSON: Your Lordship will take these subject to objection.

EXHIBIT No. 14 "A" "B" & "C": Filed by Mr. Mason. "A" and "B" Mrs. Worsdale's pass books; "C" Mr. Worsdale's pass book.

WITNESS: Do you intend to lock these up in this Court? Will they not be available for me to take back to England? I may want them in another case. If necessary I can get copies.

20 His LORDSHIP: Copies can be put in here and you may be permitted to take out the originals.

Mr. ROBERTSON: I think we should look at the books, and we have to look at them the way they are.

His LORDSHIP: If it is necessary afterwards to take the originals out copies can be left.

Mr. MASON: I suggest that the books be left till the conclusion of the trial and we can, if necessary, take these out.

30 *Q.* My friend asks you about having the certificate, Exhibit 1, with certain solicitors when you came back to England, having obtained a loan; what was the firm of solicitors?—*A.* Messrs. McLaughlin & Johnston.

Q. Solicitors for the trustee in this action?—*A.* They were my solicitors at that time.

Mr. ROBERTSON: There was no trustee at that time.

His LORDSHIP: When did you say you left them?—*A.* I left the certificates on my return, in April of 1934.

Q. Is that the time you launched your application to intervene?—*A.* On the day prior to that date.

Q. It was after that?—*A.* I left the certificates.

40 Mr. ROBERTSON: The certificate was left at that time?—*A.* I brought the certificate from England with me, my lord, for the purpose of getting advice on it. It went into my solicitors' hands first the day I arrived and it has been in their hands ever since.

His LORDSHIP: I understood he had raised a loan on the certificate.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.
Re-examination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

*Plaintiff's
Evidence.*

*No. 8.
Vernon
Wright
Worsdale.
Re-exa-
mination
by Mr.
Mason—
continued.*

Mr. MASON: My friend suggested that to the witness.

His LORDSHIP: I did not so understand Mr. Robertson. Did he borrow money from his solicitors and pledge the certificate?

Mr. MASON: That is my friend's suggestion, but not the witness' answer. What he says was he left it there.

His LORDSHIP: When he was declared bankrupt the solicitors filed a claim in bankruptcy against him and recited the fact they had the certificate.

Mr. ROBERTSON: There is more than that. The evidence is there if it is urged. The point perhaps for the moment is it was on account of the \$1,000 he got at that time that he borrowed a sum of money from the firm of solicitors, and that is before he left Toronto on that occasion.

His LORDSHIP: I think in all probability I understand it, and also the witness stating he was short of funds by reason of his staying longer than he anticipated in Canada.

Mr. MASON: He says the certificate was placed in his solicitors' hands when he came here asking for advice, and it still is.

Q. You left for England when?—*A.* On the 26th April.

Q. 1934?—*A.* 1934.

Q. This money was obtained immediately before leaving?—*A.* Yes. 20

Q. Certain reference was made in your cross-examination to a conversation in London between you and several gentlemen, including Mr. Hay, Mr. Troop and Mr. Patton?—*A.* Yes.

Q. I want to ask you the question, was there or was there not any arrangement between you and these gentlemen as to the subject matter of the conversation?—*A.* There was suggested an arrangement by them.

Q. You are not following my question, did anything happen or not happen between these gentlemen and you as to whether that conversation could be used subsequently?

Mr. ROBERTSON: That is not a proper question. 30

His LORDSHIP: The witness has already answered the question.

Mr. MASON: I do not want to suggest in the presence of the witness.

His LORDSHIP: I see what you mean. You give the reason yourself for not asking the question.

Mr. MASON: I am sorry it slipped out.

Mr. ROBERTSON: The witness has answered all the questions I put to him, and I examined him fully, and I submit my friend has not the right to raise any question now—

His LORDSHIP: How can he raise any question as to credibility? He is asking questions now in re-examination. 40

Mr. MASON: I was expecting that exception would be taken to this question on the ground your lordship will appreciate, which I suggested

it to the witness. I was wanting to ask the witness whether there was any arrangement in regard to that conversation.

His LORDSHIP: I will allow you to ask it.

Mr. MASON: Q. Was there anything said by you to these gentlemen or these gentlemen to you as to whether or not any conversation that transpired could be used at any subsequent time?—A. After I had tendered the certificate for registration we discussed the matter without prejudice. I asked for registration of the certificate and they had refused. We went into a discussion without prejudice. It was a friendly discussion.

10 Q. Why do you say “without prejudice”? Were the words “without prejudice”?—A. They were used by the other people. What they told me I was not to use afterwards about what would happen to my certificate.

His LORDSHIP: I imagine from what he says it was kind of a strenuous interview.

Mr. MASON: Q. Then, Mr. Worsdale, that document which is now Exhibit 3 reads:

20 “In consideration of your not registering the transfer of the shares of the Yukon Consolidated Company, Limited, which I have today transferred to you, I undertake to hand to you any dividend which may be received on said shares and to send you all notices from the Company respecting the said shares.”

You are using language to which my friend drew your attention, “In consideration of your not registering transfer of the shares”—was there any arrangement at any subsequent time or at that time between you as to how long you would refrain from registering the shares?—A. I left that in my discretion, I would not agree to any specific time. I agreed at the time not to register them so as to enable him to put the Company on its feet.

30 Mr. MASON: I should like to put in next the transcript when the application was made to the Court of Appeal.

Mr. ROBERTSON: I object to it, my lord, it is not evidence here.

Mr. MASON: I want to put in, my lord, the finding of the Chief Justice. It was an application was made, and the Chief Justice, as has been said already, and my friend raised it—

Mr. ROBERTSON: My friend told your Lordship this yesterday. I do not object to his saying I raised it.

Mr. MASON: My friend says the motion was dismissed. If I am wrong the motion will show it.

40 Mr. ROBERTSON: I asked the witness, and my friend got up and said his Lordship the Chief Justice said so and so, and he said your Lordship will see—

His LORDSHIP: It cannot be a judgment of the Court in any way affecting this case. All that happened was he made a motion to intervene.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 8.
Vernon
Wright
Worsdale.
Re-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 8.

Vernon
Wright
Worsdale.
Re-exa-
mination
by Mr.
Mason—
continued.

He was refused the right to intervene. The Court held it was not necessary for him to intervene, because if he had acquired any rights this action would obliterate any rights or cut out any rights which he had previously obtained.

Mr. MASON : That is all I wanted to give, the disposal of the motion. Just the motion and the statement of the Chief Justice is all I require, and it is a record of the Court. It indicates what your Lordship said, he was not a party to the action and would have a right to an independent action.

Mr. ROBERTSON : I am objecting to my friend putting in the discussion.

Mr. MASON : I am not putting it in, all I want to put in is page 16, the 10 disposition of the motion by the Chief Justice.

His LORDSHIP : A copy ought to be on file.

Mr. ROBERTSON : Your Lordship will bear in mind the company was not personally in conduct of the litigation. The company was joined as a party but was not in charge, and the argument which might have been made there in connection with determining anybody's rights has nothing to do with this case. It is as his Lordship put it in disposing of the motion that it would be without prejudice to the witness' rights. My friend Mr. Calvin informs me there was a formal order issued and the costs taxed.

Mr. MASON : The formal order, my lord, was an order of dismissal. 20

EXHIBIT No. 15 Filed by Mr. Mason. Remarks of Chief Justice in *Patton v. Yukon*, March 31, 1934.

Mr. MASON : Instead of calling Judge Honeywell, my friend and I will accept the letter he wrote to McLaughlin & Company, dated April 11th, 1934, as being evidence he would give if he were here.

EXHIBIT No. 16 Filed by Mr. Mason. Letter, dated April 11, 1934, Honeywell to McLaughlin & Co.

I am also putting in a letter that has a bearing upon this same matter of tender from the defendant company, to Messrs. McLaughlin & Co., dated 17th April, 1934, written after the directors had considered the matter. 30

EXHIBIT No. 17 Filed by Mr. Mason. Letter, April 17, 1934, Troop to McLaughlin & Co.

His LORDSHIP : They refused.

Mr. MASON : Yes. Perhaps it is not necessary to take time to read it now. They also ask that the certificate be forwarded for cancellation.

No. 9.

Evidence of Arthur N. C. Treadgold.

*In the
Supreme
Court of
Ontario.*

ARTHUR N. C. TREADGOLD, sworn. EXAMINED by Mr. MASON:—

Plaintiff's
Evidence.

Q. Mr. Treadgold, you are somewhat deaf, are you not?—A. Yes, I am still deaf at about more than four feet.

Q. If you do not hear me—A. I shall let you know.

Q. You have had long association with the various companies which led up to the consolidation known as the Yukon Consolidated Gold Mines, Limited, the defendant in this action?—A. Yes.

10 Q. Who were the officers of the Company and the directors of the Company in the year 1930?—A. At the beginning of 1930 all the original members, Ottawa members, were still living, namely F. H. Chrysler, J. B. Watson and N. G. Larmonth, P. H. Chrysler and myself, with Mr. J. B. Watson a director as Secretary-Treasurer. On the 8th July Mr. J. B. Watson died, in that year. On the 30th September Mr. N. G. Larmonth died in that year.

Q. Was Mr. Watson ill for some time?—A. He fell ill on the 24th of April of that year.

Q. Who acted in his place?—A. Mr. Norman Larmonth, a director.

20 Q. What position did Mr. F. H. Chrysler occupy?—A. Vice-President.

Q. You were President?—A. Yes.

Q. Six directors, were there?—A. Five, a quorum of directors two.

Q. Mr. F. H. Chrysler died more recently?—A. Just lately.

Q. His son Mr. P. H. Chrysler?—A. So far as I know is still alive and well.

30 Q. What was your first association with either this Yukon Company or any of the companies or properties that eventually went into the Yukon Consolidation with Mr. Worsdale? I do not want to know any connection you had with other matters, I want to get down to the matter we are now discussing.—A. The end of 1919 or early 1920 I connect him with the beginnings of the consolidation, the beginnings of this Yukon Consolidation which centered around leases in the Klondike, which were called Lease No. 1, and by reason of the present Lawrence Harrison case the interest in the Grenville Mining Company. Mr. Lawrence Harrison on the 24th of June, 1919, purchased from Edward Dexter, the then Receiver of the Grenville Mining Company, 25 per cent interest in all the shares and bonds if any should ever be issued of the Canadian Klondike Mining Company, Limited. Mr. Harrison purchased an interest in Erbslow on the 20th of June. If I have not mis-stated, may I recapitulate? In January, 1916,
40 Grenville sold to Ernest Charles Erbslow a 25 per cent interest in all the shares and bonds, if any, that thereafter were issued of the Canadian Klondike Mining Company. A few days later Lawrence Harrison purchased from Ernest Charles Erbslow $22\frac{1}{2}$ units of the 25 units which made the 25 per

No. 9.
Arthur
N. C.
Treadgold.
Examina-
tion by Mr.
Mason.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Examina-
tion by Mr.
Mason—
continued.

cent interest. That left in Erbslow $2\frac{1}{2}$ units of the 25. He purchased that interest with the payment of 38,000 odd bonds.

His LORDSHIP: I want to ask, Mr. Mason, as I understand him to say that Erbslow purchased from the Grenville Mining Company, and the Grenville Receiver, 25 units.—*A.* 25 per cent.

Q. Of all stock or bonds that might be issued?—*A.* All the stock already issued.

Q. Of the Grenville Mining Company?—*A.* Yes. Harrison acquired from Erbslow $22\frac{1}{2}$ units of the 25 per cent interest he had in the company, leaving in the Erbslow $2\frac{1}{2}$ in relation to the original 25. 10

Mr. MASON: 90 per cent and 10 per cent, and Erbslow retained 10 per cent?—*A.* I only copy their own language.

Q. I am sure I thought you said in the Grenville Mining Company.—*A.* It was in the Canadian Klondike Mining Company.

His LORDSHIP: Where did the Grenville Company come into it?—*A.* The Grenville Company of London, England, was the owner of the stock.

Q. In what company?—*A.* Of a proportion of the stock in the Canadian Klondike Mining Company and the bonds of the company.

Mr. ROBERTSON: I presume we are getting from the witness things 20 that are properly his personal knowledge. He is not a party to the transaction. I am saying this with some knowledge of a good deal that has been said about the matter in the trial of the Patton action. I hope my friend is confining it to the things he really knows about it.

Mr. MASON: I was about to make a remark to the witness that will satisfy my friend. I do not know Mr. Treadgold, whether you have been able to hear much that has been going on. We have no question in this action about whether or not the certificate that was issued to you for the 1,663,000 odd shares was valid or not. We have agreed for the purposes of this action it was invalid. I have no concern with the Yukon Consolidated 30 Company or those companies which gave rise to its being. All I am concerned with is the interest that Mr. Worsdale had. I do not care what other people had. I want to know what interest Mr. Worsdale had, to your knowledge, in any of the organizations which led up to the Yukon?—*A.* Mr. Worsdale contributed to the most advantage the money that was raised for the Klondike in 1921 and perhaps finished early in 1922. The money that was raised went to loans to the E. Y. Syndicate. For example, if he were to claim he participated in the transactions attending the incorporation of the E. Y. Syndicate it would have to be admitted that he did.

Q. Just tell me as shortly as you can what interest he had.—*A.* His 40 interest in helping me with cash sales, as well as in his approach to me and the promise from me of shares in any final consolidation of the Klondike such as I meant already then to bring about if I could.

Q. Some question has been raised here as to whether he had any interest of any kind in what was to arise from some union of the Harrison interests and the Patton interests?—*A.* That is accurate.

Q. It means he was interested in what way?—A. It means he was only interested in the 19th of February, 1925 agreement which was made between the North Fork Power Company and the Yukon Consolidated Gold Mines Company.

Q. How had his interest arisen?—A. It had arisen with me, in helping me with cash and his influence, and finding more cash in respect of the properties on which I founded the consolidation. I founded the consolidation on Mr. Patton's holdings in that part called Lease 1, and on Mr. Harrison's interest. Mr. Harrison's interest and Mr. Patton's interest
10 were conveyed to the Yukon Consolidated among other properties by the 19th of February, 1925, agreement. Mr. Worsdale's other certificate is part of the consideration passing from the Yukon to the North Fork Power Company under the agreement of the 19th of February, 1925.

Q. There was a certificate of 225,000 shares which was issued and also a certificate for 116,100 shares, is that what you are referring to?—A. Certificate No. 0370.

Q. I am showing you Exhibit No. 1?—A. Yes.

Q. It is your certificate with an endorsement on the back?—A. Yes.

Q. The signatures to this certificate were those of F. H. Chrysler and
20 Norman Larmonth?—A. I should say yes, both.

Q. Is this your signature on Exhibit 2?—A. Yes.

Q. A transfer of 1,750,000 shares to Mr. Worsdale?—A. Yes.

Q. Is this also your letter to Mr. Worsdale, Exhibit 3?—A. Yes.

Q. I want you to tell the Court, Mr. Treadgold, how this document came into the possession of Mr. Worsdale, and why?—A. How? From my hands. Why? Because they were his, implementing the documents which you have handed me and this transfer deed, the deed of transfer.

Q. That is Exhibit 2, that is the document, the assignment of the 1,750,000 shares?—A. Yes.

30 Q. The transfer, we will call it?—A. Yes.

Q. Where were these documents delivered to Mr. Worsdale?—A. In London.

Q. You say they were handed to him by you?—A. Yes.

Q. What was the consideration for the transfer of the shares set out in the document?—A. The payment—the consideration is set out in the document as \$1.00 and other valuable consideration. I suppose you mean what is other valuable consideration?

Q. Yes?—A. It is payment in money, £300. That is the consideration. The other valuable consideration. There was also the promise that was
40 my end of it also. There was a promise to give me assets already defined by that date to the extent of the ordinary English equivalent of \$150,000 which I had been busy about in New York just previously. Mr. Worsdale would, you can call it over-writing or under-writing, would over-write £30,000. He was able to be shown by me some promise already which showed that some considerable portion of the money was likely to be forthcoming very easily. He promised to find if my friends should fail to find it, in other words we could call on him to the extent of £30,000 less any sum produced by my friends. To show that I was already set to work on the

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Examina-
tion by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.

Treadgold.
Examina-
tion by Mr.
Mason—
continued.

raising of money, there were reasons—I do not know why I should take the time of the Court. There were reasons easy to show, and they were acted upon as between Mr. Worsdale and myself.

Q. What was the money for, what were you going to raise the money for?—*A.* The £30,000 was being raised for the purpose of Yukon Consolidated to clear these liabilities and get the security in condition to be put on the market by Williamson in New York, and a certain broker who can be named if need be in Toronto, and a certain broker who can named if need be in London.

Q. Your object was to get a company in good financial shape to market the securities?—*A.* Yes, get them cleared, as we had some liabilities, some pressing and some not pressing.

Q. What else, if anything, was discussed or was part of this consideration?—*A.* I don't know whether you would call it part of the consideration, the thing that mattered to me, and I thought to Mr. Worsdale, he also agreed at that time to keep me exactly where I was, in exactly the position I was in, and my friends were of the same opinion.

Q. Speaking of your other friends, what interest had they in the matter?—*A.* Their interest was not defined, necessarily, by a given number of shares, but they had their promise from me to participate in the shares of Yukon Consolidated. They had their firm promise, a promise which I have now, and I shall live to see implemented if we are not restricted from carrying on.

Q. Were these shares the subject of discussion between you and Mr. Worsdale on this occasion? Were these shares you say your friends were entitled to the subject of discussion between you and Mr. Worsdale?—*A.* No, not at that moment. Very soon they were, for a very good reason. When I landed in England on the 19th of August or thereabouts, I think it was the 19th of August that year, I don't think that many of my friends has a letter, and I do not think there was any thought of trouble. If there were rumours, as there were rumours of writs, three writs certainly were rumoured around most of the people interested in Yukon Consolidated, but they had no thought of doing anything except going ahead to get the company in a thoroughly healthy condition. They believed in promises. They had not got their shares, most of them, but they were confident they would get them, and I personally had no doubt whatever that Mr. Worsdale would recognize any merit in the shape of a claim for Yukon Consolidated shares just as readily as I would and would in due course implement it when he could.

Q. Was that one of the considerations in mind when this transfer was made by you?—*A.* Yes, it was certainly a consideration in my mind, though I do not know at all as a matter of law it is in the "other valuable consideration."

Q. What I want to know is what took place between you and Mr. Worsdale with regard to that?—*A.* I started calling Mr. Worsdale very soon on that. I received what I considered a perfectly satisfactory assurance from the man who never had a thought of ever letting me down, to the effect that he would take care of any friends of mine who had filed a claim to Yukon shares and had not received them.

Q. Just tell us what happened with regard to this matter of the raising of enough underwriting or overwriting to make up the £30,000? —A. I do not know that, it is an old sore. If it is to be steeped out there is no reason why I should not tell. The raising of the money among our friends proved easy, yet quite suddenly at the end of September and the first two days of October a cable begins to tell me of real trouble being locally in the Klondike and being caused by the majority of the Board at Ottawa.

10 Q. We are not concerned with that here. Having got that information did you then call upon Mr. Worsdale to complete the underwriting, or did you not?—A. Certainly not. I acquainted him with the situation and told him not a sane man could possibly find a penny piece, the security had vanished. We were proposing to do it with security, not on nothing.

Q. With no underwriting, no possibility of security?—A. Yes.

Q. After you gave the certificate to Mr. Worsdale did you on any subsequent occasion get the certificate into your hands?—A. Certainly.

Q. More than once did that happen?—A. I think it happened, I am not sure, about three times; it happened at any rate.

20 Q. Having had the certificate for some time?—A. It certainly happened in the month of November of 1930 when I was coming back to Canada to hold a special meeting of the Yukon Consolidated, it certainly happened then.

Q. Your recollection is on one or more subsequent occasions?—A. I think if it became important at all I think it would be probable it happened again, I think in November.

My lord, I have a matter—

Q. Unless my friend wants it I am not going to trouble you?—A. I have my informants here. It certainly happened twice.

30 Q. Did you ever keep any definite account of the moneys you received from time to time from Mr. Worsdale prior to his acquiring this certificate? —A. No, I took care to see he should obey what he promised, I should have reprimanded him if he hadn't. He put in cash, various payments. No doubt I have lent him cash, but I have no special account of it. For instance there has never been any special Worsdale account.

Q. Was he in the habit of taking receipts from you for these sums of money he gave you?—A. I doubt whether he has ever had a receipt from me in his life, I think, unless £2,000. In that £2,000 I believe you will find that is so. I do not believe I ever gave him a receipt for any payment.

40 Q. That is the ordinary course between you?—A. Yes, and he isn't the only one.

Q. This letter, which is dated the 10th of July, 1930, and is Exhibit 3, is written on the paper of the Commodore Hotel at New York?—A. Yes.

Q. May I take it from that that you actually wrote it out in New York?—A. I was staying at the Commodore. There is a good reason, I was expecting to go home every day at that period. There were reasons for delays, and I did not actually go until the beginning of August. I was expecting to go in July, and there was even a meeting arranged for the 7th of August in England on the assumption I should sail in July.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Examina-
tion by Mr.
Mason—
continued.

CROSS-EXAMINED by Mr. ROBERTSON.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson.

Q. You have been a witness a number of times in connection with the affairs of the Yukon Consolidated Company, haven't you?—*A.* Yes.

Q. You were examined before the Patton trial, the first trial, and you were examined in the investigation that was directed by the Secretary of State?—*A.* I am not quite sure which part of the ones you refer to. It extended days over several interviews.

Q. The name Worsdale was never heard throughout the investigation, was it?—*A.* No, not that I am aware of. It didn't occur from me.

Q. At the Patton trial you were examined at very considerable length for discovery in the Patton trial?—*A.* Yes. 10

Q. In the Patton action?—*A.* Yes.

Q. The examination took place on different days?—*A.* If you refer to the examination, there were examinations in the two actions, at Ottawa the Harrison action and the Patton action. We were never quite clear which it was. I was there for Examination for Discovery a good many days.

Q. The name of Worsdale was never heard?—*A.* I never heard of it.

Q. You did, however, during one of the adjournments of the examination, do something with the Worsdale certificate, didn't you, this certificate we have here, Exhibit 1, you dealt with that in an adjournment of the examination, didn't you?—*A.* I don't remember that. 20

Q. I put it to you you had it sent to New York and put in the custody of Mr. Williamson?—*A.* Which certificate was that?

Q. This certificate we have, with others.—*A.* That might well be.

Q. This certificate No. 1, with two other certificates to which Mr. Worsdale makes no claim.—*A.* That might well be.

Q. That was during the adjournment of the examination?—*A.* I don't remember.

Q. You did not tell anybody in the course of the examination anything about Worsdale?—*A.* No. 30

Q. The Patton action came up for trial in March, 1932, before Mr. Justice Raney at Ottawa?—*A.* Yes.

Q. You were present?—*A.* Yes.

Q. You were examined at considerable length?—*A.* Yes.

Q. The name of Worsdale was not mentioned?—*A.* Not mentioned that I remember.

Q. The case was again tried before Mr. Justice Davis in 1933?—*A.* Yes.

Q. Again you were a witness?—*A.* Yes, I was. 40

Q. The name Worsdale was never mentioned?—*A.* I don't remember. If it was I did not mention it.

Q. You cannot think of anyone else who would know anything about it.—*A.* Yes, all the men who were actual living witnesses there then knew him, more than one. He is known as interested too.

Q. No one made any reference to it ?—A. No, I do not know why they should.

Q. You made a number of affidavits in the course of the Patton action, did you ?—A. I know I made affidavits, I could not say how many. When my solicitors needed me to make one I made one.

Q. This affidavit made on the 2nd of January, 1931, is made by you ? —A. Possibly.

Q. I do not want any “possibly.”—A. I am quite willing to take your word.

10 Q. You are giving evidence.—A. That is my signature.

EXHIBIT No. 18 : Filed by Mr. Robertson : Affidavit of A. N. C. Treadgold, dated Jan. 2, 1931, in *Patton v. Yukon*.

Q. This is your affidavit dated 13th March, 1933 ?—A. Yes, that is my signature.

Q. This is also in the Patton action ?—A. Yes.

EXHIBIT No. 19 : Filed by Mr. Robertson : Affidavit of A. N. C. Treadgold, dated March 13, 1933, in *Patton v. Yukon*.

Mr. MASON : I am assuming my friend will undertake to connect this in some way with the action.

20 His LORDSHIP : He assured you he would.

Mr. ROBERTSON : This is an affidavit of the 25th of May, 1933. Is that your affidavit ?—A. I think so.

EXHIBIT No. 20 : Filed by Mr. Robertson : Affidavit on production of A. N. C. Treadgold, dated May 25, 1933, in *Patton v. Yukon*.

Q. This is an affidavit of 17th December, 1931, is that your affidavit ? —A. It looks like it.

EXHIBIT No. 21 : Filed by Mr. Robertson : Affidavit of A. N. C. Treadgold, dated 17 Dec., 1931, in *Patton v. Yukon*.

30 Q. This affidavit is yours of the 8th March, 1933 ?—A. Yes, I think so.

EXHIBIT No. 22 : Filed by Mr. Robertson : Affidavit of A. N. C. Treadgold, dated 8 March, 1933, in *Patton v. Yukon*.

Q. Then on the trial of the Patton action before Mr. Justice Raney, is it not a fact that Mr. A. A. Macdonald appeared on behalf of Mr. Trask and others, and asked to be allowed— —A. The counsel ?

Q. Mr. Macdonald appeared ?—A. Yes.

Q. And desired to intervene on behalf of certain shareholders, do you recall that ?—A. Yes, I recall that.

40 Q. Mr. Worsdale's name was not mentioned then ?—A. I did not hear it.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.

Treadgold.

Cross-exa-
mination

by Mr.
Robertson

—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No 9
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. You knew, I think, did you not, all about Mr. Macdonald's applica-
tion ?—*A.* No, certainly not.

Q. You did not know about it ?—*A.* I did not know about it. That
was Mr. Macdonald's business.

Q. Do you suggest that your counsel was not in close association with
Mr. Macdonald ?—*A.* I certainly do. I not only suggest it, I maintain it.

Q. At the opening of the trial of the Patton action before Mr. Justice
Davis application was made on behalf of certain shareholders to be allowed
to intervene, is that so ?—*A.* I think I might say it was. I was proud to
have Mr. Beatty there, I did not hear what was said. 10

Q. In fact even on the opinion of these lawyers do you suggest to the
Court there was a man named Worsdale who was largely interested in the
shares, title to which was in question, and you never suggested that ?—*A.* I
certainly do not.

Q. In December of 1930 there was notice given of the calling of a
shareholders' meeting of the Yukon Company, was there not ?—*A.* I did
not hear the date. What day of December ?

Q. I do not know the date.—*A.* I have not it in mind.

Q. You remember such a meeting was called ?—*A.* There was more
than one called. 20

Q. There were three matters in question, with two interim injunctions,
that is the only reason I ask you for the date. You did not disclose at that
time to the Court that Mr. Worsdale had an interest ?—*A.* Certainly not.
What has the meeting to do with the Court ?

Q. I thought you indicated what the Court ought to do with it. There
were two injunctions granted, and there was an injunction motion in the
Patton action ?—*A.* There were two. When the first meeting was in
question there was no Patton case at all.

Q. In your affidavit made on the 2nd of January, 1931, I call your
attention to these two paragraphs, 4 and 5 : 30

" 4. Out of the said shares so appropriated there have been
issued 5,252,119 ordinary and 499,934 preferred shares, making a
total of 5,752,054, thus leaving appropriated and authorized for
issue, but not actually issued 247,881 shares of ordinary stock.

" 5. I held in my name 15,000 preferred shares and 2,070,000
ordinary shares."

That was your affidavit at that time ?—*A.* Yes.

Q. That is an affidavit made in connection with the injunction motion
in connection with the annual meeting of the company ?—*A.* In connection
with the annual meeting and the voting thereat. 40

Q. I refer to your affidavit, Exhibit 22, made on the 8th of March,
1933, in the Patton action ?—*A.* About the 7th or 8th of March.

Q. The 8th of March. This affidavit, perhaps you will recall, was
made in connection with the application for a postponement of the trial;
do you recall that ?—*A.* No, I do not.

Q. I want to read you paragraph 15?—A. There were so many of such applications for adjournment of that trial.

Q. “15. I am advised and believe that the title to approximately one million four hundred thousand shares standing in my name but belonging to approximately fifty English and Canadian shareholders, who have given valuable consideration for the said shares, depends on the outcome of this action and it is of vital importance to these shareholders, whom the plaintiffs do not in fact represent, as well as to myself that an opportunity be given to present the defence to this action in as complete a form as is now available”?—A. That is my affidavit.

Q. You swore to that?—A. That is mine.

Q. At this time is it true that so far as you were concerned Mr. Worsdale was not then aware of the existence of such a dispute?—A. At which time?

Q. The date of this affidavit?—A. March, 1933?

Q. Yes?—A. I do not know.

Q. He did not know it from you?—A. No.

Q. Did you ever make out a list of the shareholders entitled to these 1,400,000 shares?—A. No, I did not.

Q. I ask you if that is not a copy of a letter written by you?—A. No, it is not.

Q. I want you to be very careful before you deny that?—A. I will be very careful.

Q. I ask you if the document I put in front of you, which is dated 7th of October, 1931, is not a copy of a letter written by you?—A. Yes, that is a copy of a letter written by me but not delivered by me.

Q. Written by you?—A. Yes, and put into the hand of two men, not for use at all, but you can say it if you wish, not a letter I am afraid of. How you got it is a different matter.

Q. This document is marked “Private and confidential,” and it is headed “The Shareholders Committee, 7th October, 1931. *Yukon Consolidated*. Gentlemen:

“I understand that there is a suspicion lurking in the minds of some of our members that the large number of shares standing in my name on the Company’s books belong entirely to myself. I would remind all such that of the rather over two million shares standing in my name I have still to deliver agreed amount to the following:—”

Then follows 18 to 20 names, among which Worsdale does not appear.

“The above list requires 740,000 shares.

“In addition I hold in my name for Canadians in Klondike and at Ottawa 250,000 shares and for friends in New York and England approx. 200,000 shares.

*In the
Supreme
Court of
Ontario.*

Plaintiff’s
Evidence.

—
No. 9.

Arthur
N. C.

Treadgold.
Cross-exa-
mination
by Mr.

Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

“ In addition I have contingent liabilities in shares to certain parties, viz., Lolan, C. P., Moore, F., Latta, Sir John, Beatty, A. C., requiring, possibly, further 200,000 shares.

“ So that it is incorrect to imagine that out of the 2,069,000 shares in my name I shall have even one million shares for myself.”

To whom did you deliver this?—*A.* I loaned it to Major Cunynname who acted as Secretary of the shareholders' Committee. It was in fact I think used by Major Fawcett, if ever used at all. I think it was used by him and Mr. William Nicholson, but I can't say anything about it of my own knowledge. I wrote such a letter but certainly not for circulation. 10
It was a privileged letter in every sense of the word.

Q. Was it intended to state the truth?—*A.* Yes, and did state the truth.

EXHIBIT No. 23 Filed by Mr. Robertson. Letter Oct. 7, 1931, Treadgold to Shareholders' Committee.

Q. How many shares did you have at the time in your name including the certificate, Exhibit 1?—*A.* I expect about two millions issued, rather more than that, what I controlled absolutely. If you said two and one-half millions you would not be far out. That is not speaking of the two millions not issued. 20

Q. You were present at the conclusion of the trial of the Patton case before Mr. Justice Raney; you were there?—*A.* I am not sure, at the very end of the trial, I am not sure I was there.

Q. You were in Ottawa?—*A.* I certainly had been up to nearly the last minutes. I was not there until it finished.

Q. Well you were no doubt advised promptly of the terms of his judgment by your counsel?—*A.* No, I certainly was not advised promptly. I was not advised promptly of the terms. I think I heard the judgment read, I was not advised by my counsel promptly of the terms, until at least five or six days later. 30

Q. You say you think you heard the judgment read?—*A.* I believe it was.

Q. The judgment was delivered at the close of the trial?—*A.* I think so.

Q. I presume you became aware that you or your agents and attorneys made some arrangements for the purpose of carrying out and giving effect to the judgment, and you were aware they were restrained from assigning, transferring or dealing in any way with any of the shares that were in question?—*A.* I know that was part of the judgment.

Q. A few days afterwards you went to New York?—*A.* Yes, or the same day. 40

Q. You were in New York anyway about a few days after?—*A.* Yes.

Q. You went to the office of Mr. Williamson?—*A.* Yes.

Q. He was there in possession of the three certificates?—*A.* Was he?

Q. Do you not know that as fact?—*A.* I must know more about the facts before I say Yes to any of that.

Q. What I am putting to you is this, Mr. Treadgold, that on the 22nd of March, I put it to you, you went to Mr. Williamson, found and received from him certificate 0369 in your own name for 1,369,000 shares, one certificate 100,000 shares in the name of Edward M. Williamson, and certificate 0627 in the name of Edward M. Williamson.—A. I can believe I did.

Q. The shares that were in Williamson's name you claim to be your shares?—A. Not as my shares.

10 Q. Whose?—A. They were part of the consideration for the North Fork Power Company for the 1925 agreement properties. I did not claim them as my shares, they were in my name, if that entitles you to call them mine now. They stood in my name, endorsed by Williamson.

Q. They were in Williamson's name?—A. Yes.

Q. You were exercising full control over them?—A. Yes.

Q. Claiming the right to do anything you liked with them?—A. Williamson really loaned me a certificate which was his own, for 50,000 shares, which I promised him.

Q. You got these three certificates at the time?—A. Yes.

20 Q. What did you do then with the certificate numbered 0369?—A. I think I took that home with me to England.

Q. What did you then do?—A. I think I reported to Mr. Worsdale on what I had been intending to do.

Q. What did you do with the certificate, physically, the one numbered 0369?—A. I think there were three together.

Q. You got three from Williamson, what did you do with certificate 0369?—A. I do not remember, except to return it.

Q. To whom?—A. I have no doubt I returned it to Mr. Worsdale, I cannot swear I did.

30 Q. How long did you keep it in your own possession? It was in Williamson's safe for definite periods.—A. Williamson was trying to—

Q. How long did you keep the certificate after you got it out of Williamson's custody?—A. Certainly till after I got to England.

Q. When was that?—A. May I look at my movements? You say November, 1932.

Q. March, 1932, I am speaking of.—A. I reached London on the 28th of March, 1932, I have no doubt.

Q. What date in March, 1932?—A. 28th, in London.

Q. Did you see Mr. Worsdale when you got there?—A. I saw him soon after this.

40 Q. Did you give him the certificate?—A. I am not sure.

Q. Why did you not obey the judgment of the Court?—A. What was that judgment? I am not aware I have disobeyed any judgment of the Court.

Q. Did the certificate always remain in your possession after this?—A. No.

Q. You parted with possession?—A. I parted with possession long before if it was in any sense in my possession. The mere fact it was in my

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-examination—
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

custody for any purpose at all did not entitle me or you to suggest I still owned that certificate.

Q. Did you, notwithstanding the judgment of Mr. Justice Raney, get that certificate from Mr. Williamson in New York and take it to England and deliver it to someone else?—*A.* I delivered it to someone else. I obtained it from Mr. Williamson and certainly delivered it to someone else.

Q. A word or two about the issuing of this certificate, Mr. Treadgold. Let me understand this. There were five directors of this company?—*A.* Yes.

Q. And in 1925 the Board was, shall we say, reorganized?—*A.* No, 10
changed completely, changed from the previous November.

Q. Was the Company organized in 1923 incorporated?—*A.* 1923 and 1924.

Q. It was incorporated in 1923?—*A.* Organized, and the organization was not completed until 1924.

Q. Would you mind answering my question? It was incorporated on instructions from Major Cunynghame of the Gold Fields Company of South Africa?—*A.* Major Cunynghame went to Montreal as my agent, put at my disposal by the Consolidated Gold Fields for that purpose. The Consolidated Gold Fields Company were not interested, as you know 20
Major Cunynghame's evidence proves that quite clearly. You read it all as you are now reading part.

Q. Perhaps you will answer my question now?—*A.* The answer is No, not by the Consolidated Gold Fields; Major Cunynghame under my instructions, yes, and with my money.

Q. We will get on very much faster if you listen to the questions I am asking you?—*A.* I am listening as hard as I can.

Q. My question was, Were any instructions given to incorporate the company, and if so were they given directly to the solicitor who took out the charter? 30

Mr. MASON: I have made an admission in this case which surely covers all the history of the Company except in so far as it covers the Worsdale interest. I am afraid if the witness and my friend get on the favourite topic of theirs they will be at it for a week.

His LORDSHIP: One is so much in the hands of counsel, and one must trust themselves to counsel. What had that to do in any way with the interest, if any, that Mr. Worsdale acquired in these certificates?

Mr. ROBERTSON: Just at the moment I am going to lead up to a question dealing with the issue of this certificate and as to its ever having been filed. I do not mean filed in the sense of whether the witness was 40
entitled to shares but whether it was even signed by the proper officers. If this witness would not quarrel over every inch and every line?—*A.* No quarrel.

Mr. ROBERTSON: There are even in this matter some things which one might slip through. I am going to say this if I did not think my friend was making an admission that the witness was not entitled to the shares

as might be inferred from his evidence, but I submit to your Lordship that one can see from his cross-examination that the witness is not a witness, rather to put to your Lordship who could give what the background of the case is, that this is a mere attempt to do or to put in what he has failed to do.

His LORDSHIP: I can understand that aspect of the case. You may inquire into that.

Mr. ROBERTSON: I thought the question I was asking would meet that.

10 His LORDSHIP: You have to bear with the witness a little. He has been under a good deal of stress. He has been asked on many occasions, and probably rightfully asked, all these questions, but with that I have nothing to do. Do not be too keen on the witness because he seeks to defend himself. When he goes too far I will endeavour to stop him.

Mr. ROBERTSON: Let me put this to you and see if we can get some place where we will not talk away on words. In 1925 the directors of the Company became yourself, as President, Mr. P. H. Chrysler, Mr. Watson, Mr. Larmonth and Mr. F. H. Chrysler. Is that right?—A. Yes.

20 Q. The four other than yourself had only one share, is that right, in 1925?—A. In 1925, yes.

Q. Is it correct to say that you furnished the shares?—A. I cannot hear you.

Q. Would it be correct to say that it was you who got the shares for them and made them available?—A. They were five incorporation shares which they transferred to me and I transferred to them.

Q. It was you who selected the Board?—A. Yes.

Q. When you came here?—A. I had selected the Board the previous November.

30 Q. When you came to put it through it was you who had in your control whatever documents were necessary to vest them with the shares? —A. I had the shares.

His LORDSHIP: They were just qualifying shares.

Mr. ROBERTSON: Q. Then that Board continued in office until the death of Mr. Watson in 1930? There was no change in the Board until the death of Mr. Watson in 1930, is that correct?—A. No change until then.

40 Q. In the early part of 1930 do you recall the company receiving a letter from a firm of Ottawa solicitors, Messrs. Powell & Snowden? Do you recall a letter came in directed to the Directors, dated 28th March, 1930? —A. No, I do not recall the particular letter of that date.

Q. Do you recall this letter, of which this is a copy, addressed to you, Exhibit 51 in the Patton action? Look at that and see if you remember that?—A. Yes, I remember that.

Q. You got the original of that letter?—A. Yes, I expect so, I do not remember.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination—
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. This letter is from Mr. Watson, Secretary, to the witness?—*A.* The date is in 1930, it refers to an agreement of the previous year, July 12th, 1929.

Mr. ROBERTSON: (Reading):

“ I have your letter in reply to the message sent you in reply to your request for shares of the Company. The difficulty has arisen owing to the fact :

“ That the Board did not consider that delivery had been made in connection with the agreement of July last.

“ And that the particulars required for completion of the balance sheet of the amounts charged against you by the different companies at Dawson had not been furnished to the Directors. 10

“ And they felt that since your return no progress had been made towards consolidation.

“ The annual meeting of the Company should be held this month, and it is advisable that the details mentioned above should be straightened out before the balance sheet is completed and forwarded to the shareholders.

“ The position of the company, at the present time, seems critical, and I think it would be to your advantage, as well as to all of ours, if you could stay with us here until matters have been adjusted. 20

“ I am sending you on by registered mail certificates in return for the 5,000 shares certificate which you sent.”

EXHIBIT No. 24 Filed by Mr. Robertson. Copy of letter dated April 7, 1930, Yukon to Treadgold.

Q. Do you recall that on the 5th April, 1930, the directors adopted a minute resolving that no further shares of the Company be issued until the completion and the delivery of title under the agreement, do you recall that?—*A.* Yes. 30

Q. That letter that I have just referred to is the communication to you of this resolution of the Board?—*A.* Is it? It may be. I remember the resolution being sent to me.

Q. You were present in Ottawa at a meeting of the Board of Directors on the 8th of May, 1930?—*A.* Yukon meeting?

Q. Yes?—*A.* I don't remember at the moment that meeting particularly. Yes, I remember that well.

Q. You were there?—*A.* Yes.

Q. It was on that day that you obtained this certificate, Exhibit 1?—

A. No, it was not, I never obtained that certificate, that certificate was never handed to me at all. 40

Q. Did you never have it?—*A.* Yes.

Q. You notice the date of it?—*A.* I notice it is written in Mr. Watson's writing.

Q. The date is 8th of May?—*A.* That is the date it was handed to Mr. Weinheim by Mr. Chrysler, if I remember rightly.

Q. Were you there?—A. No, I believe Mr. Weinheim when he tells me so, I was in Ottawa too busy at that time.

Q. You were in Ottawa?—A. Yes.

Q. The certificate was on the 8th of May delivered to you?—A. Yes.

His LORDSHIP: It is Exhibit No. 1.

Mr. ROBERTSON: Yes, my lord.

Q. Mr. Watson was still Secretary-Treasurer of the Company was he not?—A. No.

Q. Are you swearing to that?—A. I do not know about swearing, but Mr. Larmonth was Acting Secretary.

Q. Are you swearing to that?—A. I am swearing he was acting.

Q. I put it to you he would be appointed at a meeting very near to that date, he was appointed at a meeting on the 14th of May?—A. He was designated then, was he?

Q. That is what the minutes say. That is on the 14th of May?—A. Yes.

Q. Naturally at that time he would be authorized to sign stock certificates, wasn't he?—A. I think he was.

Q. By what?—A. By the unanimous agreement of the surviving directors to have him act.

Q. Were you present when any agreement was made?—A. I remember two agreements and myself calling on Larmonth to do some work on two small certificates. I remember we said we needed an acting Secretary, and we made one.

Q. Do you know of any act of the Board of Directors revoking the resolution passed on the 5th of April?—A. The resolution of the 5th of April.

Q. That no further certificates should be issued to you?—A. Everything they did revoke. The resolution of the 5th of April delivery was made. They were waiting delivery from Dawson of the subsidiary shares which they got.

Q. This company had a meeting of the Directors on the 5th of April at which they passed certain resolutions?—A. Yes.

Q. They had another meeting on the 8th of May. Do you say there was another meeting in between?—A. I do not know of another.

Q. Do you say at a meeting on the 8th of May they revoked the resolution of the 5th of April?—A. I do not say that.

Q. Do you want to look at the minutes?—A. I don't remember what happened at the meeting. I know delivery was made, and there remained no question whatever, quite apart from the fact delivery is mentioned in the agreement passed. There was no question of the delivery after we received from Dawson the certificates we had asked for, and the office I am too happy to name if I am asked for by the Court—

Q. Would you mind confining your answer to something like the question you are asked? I am asking you if you say that the directors at the meeting on the 8th of May revoked the resolution passed on the 5th of

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-examination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

April I have referred to?—A. I am not aware that they revoked. I am not aware that they recorded any revocation.

Q. Did you know at that time objection was being taken by shareholders in England to the issue of so many shares to you?—A. I certainly did not.

Q. It is a complete surprise to you?—A. Yes, a big surprise. The shareholders in England were bound by what the Board did at Ottawa and the agreements which the Board signed.

Q. Do you say from this time on troubles between you and the Company did not rapidly come to a head, did they not?—A. I would not say rapidly, even then there were real troubles of course. 10

Q. The Patton action was commenced in December of that year?—

A. In December, without any notice.

Q. Issued by shareholders then resident in England?—A. Yes.

Q. That action was commenced in December?—A. Yes.

Q. You say that Messrs. Powell & Snowden who issued the writ for these parties were not in communication with the officers of the company prior to the meeting of the 8th of May, 1930; do you say they were not?—A. I say so far as I know they were not, or ever knew.

Q. Is it not a fact even the directors themselves were taking objection to the want of delivery of properties purchased, securities purchased, and the want of delivery of the proper amount of money you received at that time?—A. My answer is the accounts speak for themselves. Within a month therefrom the accounts speak for themselves and the delivery speaks for itself within less than a month, and the issues of shares correspond to the position as I have just represented it. These shares, 1,750,000 shares—

Mr. ROBERTSON: Yes, I mention those shares, and they represented a very substantial part of the benefit that you hoped to obtain by this consolidation, did they not?—A. They did not represent the personal account of A. N. C. Treadgold to any extent whatever. You will find his hopes and expectations not in any place in the records of the Company. 30

Q. I do not forget your previous examination, or you would not object to that. Let me try again. Is it not a fact, call it what you will, whether you call it gains or profits, or make it losses, whatever you like, term it buying, that these shares are the main part of what you expected to get out of this consolidation?—A. Certainly not, they did not furnish one-half of what I expected to get. On what the records show I expected to get millions.

Q. Would it be correct to say it is a substantial part?—A. It is meaningless to say one million.

Q. You mean it is meaningless to say one million shares is a substantial part?—A. Yes.

Q. A substantial part of what you hope to get out of this organization?—A. What I hoped to recover out of our organization. They have my fortune, and a big one.

His LORDSHIP: What was this witness supposed to get in shares out of each organization?

Mr. ROBERTSON : *Q.* How much were you to get?—I am not asking about your hopes and expectations, I am asking about what material gain you were to have?—*A.* If you place it at two million you cannot be accurate; if you place it at two million shares you cannot be far out. They are the subject of agreement, it is not a matter of guesswork.

Q. Is there anything definite?—*A.* It is shown in the agreement. Nothing very definite could be arrived at than what was arrived at in the other action. I was not expecting I would be examined on that action.

10 His LORDSHIP : Let us get along without making any speeches. You say there is some document?—*A.* There is an agreement.

Q. By which you were to get?—*A.* Two million shares.

Q. Perhaps you can answer Mr. Robertson's question, the 1,750,000 represented what you expected out of the company?—*A.* It is not that 1,750,000, it is over two million. There is no mystery about it if you get the document.

Q. The trouble is to identify the document.—*A.* I would be delighted to.

20 *Q.* It has not your name on it, and there is no such document with us now?—*A.* You mean there is no agreement between the Yukon Consolidated and myself?

Q. Yes.—*A.* They all claim that the North Fork Company is my alias. If the Company got two million shares you would even conclude that came into my pocket.

Mr. ROBERTSON : *Q.* All I desire to get for the moment is that this certificate for 1,600,000 odd shares was a substantial matter to you.—*A.* For my friends, yes.

Q. Did it all belong to your friends?—*A.* I would not give you a quarter for A. N. C. Treadgold's share of the one million. It is a little short of the 2,069,997 shares.

30 *Q.* That was the consideration at the time the certificate was issued?—*A.* Yes.

Q. You say the shares largely were taken by you in trust for other people, would that be a fair way to put it?—*A.* They were not taken by me, they were taken as shown by the agreement. There was litigation following the agreement, and there is an authorization at a Board meeting, and there is a record of it all. It could not be made more clear.

40 *Q.* You will pardon me if I become somewhat inquisitive, but I am trying to understand what you mean. You told us you would not give much for A. N. C. Treadgold's interest in the shares represented by this certificate?—*A.* No.

Q. You went on to elaborate it or explain it by indicating in some way or other that other people were to benefit by the shares?—*A.* I had promised it on other shares.

Q. The other people were really beneficiaries?—*A.* No, they looked to me.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

His LORDSHIP: Tell me in this rather stupendous financing how many shares were issued of the capital stock of the company. First of all, what was it capitalized at?—A. Six million, my lord, authorized.

Q. How many shares had been issued?—A. Five I know of. 1,538,000 plus a few.

Mr. ROBERTSON: That is including this certificate.

Q. How many of these shares have been issued to you?—A. Do you mean by that in my name?

Q. Of that 1,538,000?—A. At different times one million issued in my name. In addition to the one qualifying share, at any time 125,000 10 in my name, at any time 1,663,900 in my name. These are all amounts under the agreement. I did not get them otherwise but as the nominee.

His LORDSHIP: I am not as familiar with the matter as Mr. Robertson and yourself, and I want to ask you, that totalled how many shares were issued to you?—A. Six million; the first million were not for shares that were issued in this big certificate. They were subsequent shares. I think it is a fair and true answer to say to your Lordship that the amount of shares found in my name at the date when the writ in the Patton action was issued was 2,069,500.

Q. And the balance of the issue, what became of that?—A. In the 20 hands of the shareholders.

Q. As trustees for you?—A. No.

Mr. ROBERTSON: Q. What have you done with the Lawrence Harrison shares in these shares, have you taken it?—A. No, it was the agreement, upon his agreement calling for 163,000.

Q. It wasn't out of the million you had issued to you?—A. The million were issued, they were all used in the business.

Q. What I want to know is whether you have knowledge if that million was included in the amount you have given his Lordship?—A. I understood his Lordship wished to know how many were issued to me. You cannot 30 possibly say the million issued to Harrison were issued to me.

His LORDSHIP: I did ask you when you speak of the number of shares issued to you and other people were any of these people holding the shares in trust for you?—A. None except the man declared as my nominee, Williamson.

Q. What about Harrison?—A. Not one of his shares.

Q. He was a nominee of yours?—A. He was a nominee of the North Fork Power Company.

Q. Have you included in that the two million?—A. I included his 40 in the two million shares. They were never in my name. They were used by me in the business as you will see if you go into it.

Q. I am curious to know in this Syndicate proposition how much money and properties were in it?—A. Not a half of the Harrison shares or the rest of the million.

Mr. ROBERTSON: Then, Mr. Treadgold, the certificate you say was brought to you by Mr. Weinheim?—A. Brought over to me, I think it was delivered from the representative by Mr. F. H. Chrysler, senior to me.

Q. It was delivered to you by Mr. Weinheim?—A. It was brought to me, I think, at the station at Ottawa by Mr. Weinheim.

Q. What did you do with it when you got it?—A. I think I took it to New York with me.

Q. How long prior to that had it been since you were in England? It is a fact you had not been in England?—A. Since perhaps late in June.

10 Q. Of the previous year?—A. 1929.

Q. You had not seen Mr. Worsdale?—A. No, I do not think he had been over.

Q. You had not seen him since June of the previous year?—A. No.

Q. You took this certificate to New York, and did you do anything with it? What did you do with it?—A. Yes, I was doing a great deal with it, with others, by furnishing two million shares which I was using in New York.

Q. What were you doing?—A. Nothing in particular, financing, and met prospects in New York until about the middle of August.

20 Q. You remained in New York until about the middle of August, about the 13th?—A. No, I was in New York for a long time. I was back to Ottawa and back to New York and to Toronto and New York constantly.

Q. You did sail from New York?—A. On the 22nd of July of this year. I was not in New York till I think, until I sailed on the 13th.

Q. You did sail on the 13th?—A. Yes.

Q. You went to England, and did you see Mr. Worsdale?—A. Yes, with many others of my friends.

Q. What date did you see Mr. Worsdale after your arrival?—A. I do not think until the 27th of August.

30 Q. There is nothing special marked that date?—A. No.

Q. Where did you see him on that occasion?—A. I think it might be anywhere, I think it was either Cannon Street or at the hotel.

Q. Did you have any conversation with him that day?—A. I couldn't meet Mr. Worsdale without having a conversation.

Q. Did you have a conversation about the Yukon Consolidated Company?—A. I must have had.

Q. You did have?—A. I have no doubt I did, I do not remember.

Q. You do not remember any conversation?—A. No.

Q. That was August 27th?—A. Yes.

40 Q. What year?—A. 1930.

Q. Did you transact any business with him at that time?—A. I delivered to him the security that he was expecting.

Q. You delivered what?—A. I delivered to him the security he was expecting.

Q. You had not had any previous discussion with him after your arrival?—A. No, I told him earlier in the season I was trying to get away home every day, that I was wanted at home and was coming, and finding I

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-examination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*
—
Plaintiff's
Evidence.
—
No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

could not get away as soon as I expected I did a considerable amount of letter writing to my friends, including Mr. Worsdale.

Q. I am not asking about letters, I am asking whether you had any interviews with him prior to the 27th after your arrival in England.—*A.* I don't remember any, I do not know until probably the 27th.

Q. Was this the interview when you say you delivered the securities he was expecting—was it long or short ?—*A.* I cannot remember, it might be either.

Q. Was there any considerable discussion of the transaction ?—*A.* There was a considerable discussion of the then position of Yukon. At that date I wanted and enlisted Mr. Worsdale's further assistance. He knew something and I told him more. 10

Q. Was he going to try to raise some money ?—*A.* I can't hear you.

Q. Was he going to try to raise some money for the company ?—*A.* He was promising me some monetary assistance.

Q. I suppose you gave him a financial statement of the company ?
—*A.* I don't remember whether I gave him a balance sheet, I expect I did. He probably had it before. I remember sending him a balance sheet the beginning of December. It was not my duty to deliver to Mr. Worsdale or anybody else any balance sheet or any other accounts of Yukon Con- 20
solidated. Other people would do that.

His LORDSHIP: You say he was going to give assistance to you in selling shares ?—*A.* Mr. Worsdale was in constant touch with the shareholders of the Yukon. Anything the shareholders were concerned with Mr. Worsdale said he could find out anything he wanted.

Mr. ROBERTSON: *Q.* Would you say from 1930 to 1934 Mr. Worsdale was in close touch with the shareholders of the Yukon Company ?—*A.* I wouldn't say he was in close touch with the shareholders of the Yukon Company. What I said was he had ready access to some of them.

Q. Of course during the period from 1930 to 1934 there was considerable 30
activity among the shareholders in England, meetings, circulars and that sort of thing ?—*A.* I don't know whether you call it considerable activity. As you press me so easily, I will agree with you.

Q. It is a little difficult to understand how Mr. Worsdale, living in England, knowing the shareholders of the Yukon Company, could have gone on for three and a half years in ignorance of its internal trouble.—*A.* I think he is exactly like many others of the main shareholders, and it maybe I was amazed at their acquiescence.

Q. You used to issue a circular ?—*A.* I do not remember.

Q. Did the company not send out circulars ?—*A.* I did not trouble 40
with that making circulars.

Q. Did you trouble with some ?—*A.* Only in a particular case.

Q. Were they sent to the various shareholders ?—*A.* Yes.

Q. Did you include Mr. Worsdale ?—*A.* I included a great many of the shareholders and we were not worrying about others. As to Mr. Worsdale I do not know whether I excluded him. I can't remember excluding him.

Q. You were making every endeavour to raise funds ?—A. I was not endeavouring to raise, I was raising.

Q. You never applied to Mr. Worsdale whose shares were on call ?
—A. I very much applied to him and got Mr. Worsdale's name.

Q. You did not get any of his money after the litigation started ?—
A. I fancy I got money from Mr. Worsdale in 1930, in fact I am sure I did.

Q. The action started in December, 1930.—A. On the 22nd December.

Q. From the time the Patton action started until it finished I suggest
to you you never got any money from Mr. Worsdale ?—A. I say well, for
10 the reasons stated by me I got £30,000. That was the arrangement I
made with him to make up any deficiency, and I say I did get money from
Mr. Worsdale in October, 1930. I did get funds from Mr. Worsdale.

Q. Was it for the litigation ?—A. Not for A. N. C. Treadgold.

Q. Did you tell him about the litigation ?—A. I told him nothing at
all. He was quite satisfied with me, exactly as I was, the same as many
others were.

Q. He was quite satisfied you should take care of his interest in
respect to these shares ?—A. He expected me to manage the same.

Q. Including his shares ?—A. Including everything.

Q. When you were fighting the Patton action do you say you con-
sidered you were fighting Mr. Worsdale's battle ?—A. Do I understand
20 I was fighting Mr. Worsdale's battle ?

Mr. MASON : That is not a question for him to answer.

WITNESS : I was fighting my own battle. Surely I am having enough
without Worsdale or anybody. I am looking after myself for two million
shares.

Q. Incidentally you are applying for the approval of your security on
an appeal to the Privy Council in the Patton action ? You are applying
at this time, you have a motion pending in the Patton action to take your
30 appeal to the Privy Council ?—A. I do not know anything about the
motion. I have appealed, I have exercised the right which I understand
I have.

Q. In that action you are setting up your title to the very shares ?
—A. No, for shares involved in the litigation, including an accounting
for every share.

(Court adjourned until 10.30 a.m. October 30th, 1935.)

Morning Session, 10.30 a.m.

October 30th, 1935.

CROSS-EXAMINATION by Mr. ROBERTSON (RESUMED).

Q. Can you identify this circular as one issued by you about the date,
40 you notice the date ?—A. That was not issued by me.

Q. It was prepared by you ?—A. No.

Q. Who prepared it ?—A. I think Mr. F. H. Chrysler and Mr. P. H.
Chrysler.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Cross-exam-
ination.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination—
by Mr.
Robertson
—continued.

Q. Did you sign it?—A. No.

Q. Do you say you did not sign it?—A. I used it.

Q. In the form in which it is?—A. I cannot tell you that. I do not know why you would alter it or why anybody would alter it. I have no doubt it is in the form I used it.

Q. The one I have shown you is dated 21st August, 1930. Is that not got out by you?—A. I cannot say, but it might be.

Q. Do you know?—A. I do not know that it was done entirely by me. It looks like some of the material or the printed matter used. Whether it was signed by me, I do not know.

Q. Did you get out this second circular?—A. I won't answer unless you compel me. I will put myself in a position during the morning to answer that positively. I can do that by looking at the records of the particular date.

Q. That is printed by the Avenue Issues, it being promoted by you?—A. Not promoted by me in any sense of the word.

Q. Managed by you?—A. Nor managed by me.

Q. Have you anything to do with it?—A. Yes.

Q. Did you inspire it?—A. I think I could say Yes to that, I did part of the inspiration.

Q. Do you suggest that the circular headed " Private and Confidential " was not got out at least with your approval?—A. It was with my approval undoubtedly about that.

Q. Do the statements contained in the circular fairly represent the condition of the Yukon Consolidated Company at that time?—A. I have not read the circulars for many years.

Q. Do you want to read them before you make an answer?—A. I think it is better to.

Mr. MASON : I do not see how Circular No. 2 is evidence against me. The witness does not identify it as his document.

WITNESS : You must not be surprised at me not coming prepared. I had notice to the contrary. I could certainly participate in that one, with all that the word involves in that one.

Mr. ROBERTSON : You are showing me the one I handed to you first. They are dated the same date, 26th August, 1930.

WITNESS : Yes, I will stand for that one also, if I am compelled to.

Mr. MASON : I object to these being used as exhibits.

His LORDSHIP : On what ground ?

Mr. MASON : I am not concerned with whether or not this witness agrees with certain matter in certain of these documents. This witness can be examined on this only as to credibility on attacking his evidence.

Mr. ROBERTSON : The circulars are most important as to the value of the shares. They are dated the very day before this transaction.

Mr. MASON : It could only be the idea of somebody as to the value of the shares. That does not make the document evidence against me

for this witness to say I agree with the document. Whether the document is said by him to be promoted by him or agreed to by him I do not know.

Mr. ROBERTSON : When a man wants to establish the proof of a statement you may put in the witness' hands the document with that statement and ask if it is a true statement.

Mr. MASON : It really does not change my view that that does not make it evidence. If you will permit me, I want to state this, if my friend wants to have the statement from this witness it is one thing, if my friend wants to put in a document for which the witness is not responsible, and get it on the record because the witness says I agree with that, that is not evidence.

Mr. ROBERTSON : *Q.* Mr. Treadgold, I want to ask you this, are the statements contained in these two circulars with reference to the Company's progress and position at that time fair and accurate?—*A.* I was working the data of the controlled company as set out in that advisory circular, and I think that data is accurate.

Q. I want a better answer than that. I want you to tell me Yes or No whether or not the statements contained in these two circulars with reference to the Company's progress and position at that date are accurate statements. —*A.* I would not be prepared to say that they are in the full sense of the word accurate. They are taken at various dates during the period and they run down through the period of that season's work apparently.

Q. I will have to take you through the circulars if that is the sort of answer I get. The first circular :

“ Enclosed you will find a print of the balance sheet of the Yukon Consolidated Gold Corporation, Limited, dated the 31st December, 1929, which balance sheet will in due course be laid before the shareholders at the Company's annual meeting to be held shortly in Ottawa.

“ During the year 1929 substantial further progress was made in acquiring the securities of companies owning or controlling Klondike properties. As consideration for such securities further 1,798,900 shares were issued.”

Is that statement true?—*A.* They were allotted. I would want to see from the other record if they were issued. They were allotted.

Q. “ The Yukon Consolidated Gold Corporation Limited, now owns or controls the whole of the share capital of the following companies ” :

You say the statement as to the shares acquired is correct?—*A.* That is accurate.

Q. I thought you said that you had not looked at it. Do not let us waste time?—*A.* We will not waste time, your question is quite different now to what it was.

Q. I am asking you as to the paragraph in which certain companies are listed. I want to know if that is an accurate statement?—*A.* I have reason to think since it is not quite accurate.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—*continued.*

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. What is wrong with it?—A. I think there is something wrong with the Dago Hill Mining Co., Ltd., the representation made of it.

Q. To what extent is it incorrect?—A. I won't say it is incorrect without the record.

Q. Would you say to any considerable extent?—A. Not considerable, in relation to the total capital of one million of the Dago Hill Company, you will regard it as considerable when you think of my deliveries.

Q. Anything other that you think is not entirely accurate?—A. I think the Calder Mining Company, Ltd., is not entirely accurate.

Q. To what extent is that not accurate?—A. There is a doubt. It may be true we own the whole of the stock. 10

Q. Is there any other?—A. At that time we probably did own the whole of the Big Creek Mining Company, Ltd.

Q. To what extent?—A. It would not be a large extent.

Q. What other?—A. I think it is true of Burrell and Baird Ltd.

Q. 90 per cent. right, three companies?—A. I think roughly accurate, if the two years can be put in.

Q. "For technical and legal reasons it was not found possible during the year 1929 to bring directly into the account of your corporation the earnings of the subsidiary company; these are still being continued as separate companies." 20

Is that true?—A. They all were, I think.

Q. Is the statement true?—A. In General. They were being continued as separate companies.

Q. "It is hoped to combine them into one operating company during the current year."

Is that right?—A. Yes.

Q. "Since the 31st December, 1929, the Company's liabilities on current accounts have been further reduced and at present stand at, approximately, £20,000." 30

Is that correct?—A. I think that is fairly correct.

Q. "During 1929 the operating Companies worked 4,362,195 cubic yards of gravel and recovered \$605,726.00."

Is that reasonably correct?—A. I think it is correct. It seems to have been taken from the record.

Q. "The results of working for the present season to date are equally satisfactory,"

Is that satisfactory?—A. I think so, whatever "satisfactory" means.

Q. "And it is hoped that by the end of the current year the whole industry will be firmly established on a profitable basis." 40

Is that correct?—A. I do not know what you mean by "correct."

Q. Was that a fair statement to make?—A. I think so. I mean to clean up, I know that year.

Q. "The improved methods of working have resulted in substantial reductions of costs,"

Is that correct?—A. Reductions of cost, yes.

Q. "—and further reductions are confidently expected as the advantages of consolidation come into effect."

Was that a fair statement to make?—A. I think so.

Q. "Notwithstanding the small amount worked and the consequent high overhead costs in the several companies, the average cost of all the dredging and hydraulicing fell to slightly over 9 cents per cubic yard."

10

Was that right?—A. I think that was probably a fair average.

Q. "With the improvement of the water supply and the power supply, enabling the machines to dig for approximately eight months (May-December) no doubt need be entertained as to the sufficiency of the estimate of 6 cents per cubic yard as the average working cost."

Is that a fair statement?—A. It says "no doubt need be," that is called a prophecy.

Q. Is that a fair statement to make?—A. A fair prophecy so.

20

Q. The other document, also dated 26th August, 1930, from 8 Queen Street, London. 8 Queen Street is where the Company had its office?—A. Which company?

Q. The Yukon Company?—A. They had no London office.

Q. Whose office was it?—A. Mr. Smallman rented it.

Q. Who is Mr. Smallman?—A. The evidence is conclusive in that in the other action that he does.

Q. Would you mind telling me who Mr. Smallman was?—A. A solicitor who practiced at 8 Queen Street, London, and in much business he acted for me.

30

Q. Where was the London transfer office of the Yukon Company?—A. The London Transfer office was at 8 Queen Street, but not in the sense of which there is a London transfer office today. They have a registry office since 1933, as you know.

Q. This is headed "The Yukon Consolidated Gold Corporation Limited."

"The short statement accompanying the accounts can be usefully supplemented by a summary of the position to-day in the Klondike Goldfield:—

"All the proved and productive valleys are now controlled and all the plant and machinery directed by one management."

40

Is that right?—A. Yes.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.

Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. "These valleys contain upwards of two thousand million (2,000,000,000) cubic yards of gold-bearing alluvial, which falls into two classes :—

"(1) The well tested gravel bed in the several valleys amounting to 833,890,263 cubic yards of which there have been worked by dredging and hydraulicing to date 152,584,310 cubic yards, yielding \$42,087,170.58 in gold and leaving 681,305,953 cubic yards to be worked."

Was that a fair statement?—A. At the end of all those figures I am sure you will forgive me, I have forgotten the beginning. Again, it is an estimate 10
of gravel.

Q. "In the past five years we have expended £260,000. approximately, in re-conditioning the plant and machinery, in adding new machinery to suit our improved methods of working and in improving the water supply and power supply."

Is that a fair statement?—A. That is my opinion as to what had been spent.

Q. You think that is not an accurate statement?—A. It is not an audited statement of course, it is a rough statement.

Q. It is a reasonable statement?—A. You might find it unreasonable. 20
It was used as a fair approximation, I think engineers would probably call it.

Q. "From 1925 onward we have been steadily reducing the cost of working. In 1929 our costs, including thawing, management, and all charges, were as follows—"

Then follows a detailed statement which I need not trouble with.

"We have obtained and we are further reducing these low costs by using (1) electric power free for all mining operations; (2) water free or at nearly nominal cost for all operations; (3) flowing water for such thawing as the sun by itself cannot do rapidly enough; 30
(4) centralized management."

That is true?—A. I think it is fairly accurate.

Q. "When to the above great advantages the steady power supply throughout October, November, December is added, ensuring greatly increased output of yards, the averaging working cost will not exceed 6 cents (average) per cubic yard; it is likely to fall below 6 cents."

Is that a reasonable prophecy?—A. I think so.

Q. "The values recovered per cubic yard are affected to date by the fact that most of our dredging is being done in the Klondike Valley, where the gravels are comparatively low grade. The 40
additions to production from now onward will be made on the creek, where the average values are very much higher, thus raising the average yield per cubic yard (at present about 14 cents) and increasing the profits, already considerably (about £40,000 in 1929)."

Was that a fair statement?—A. It may be correct. It is a prophecy.

Q. "We have proved that we can work at a good profit the full width of the pay-channel in these wide valleys and that our working cost is likely to amount to, at most 6 cents, i.e. one-third of an average recovery of about 18 cents per cubic yard. You may assume that the capacity of five dredges (already serviceable) the four electrical shovels (available for production of gold after completing the extension of the power-canal this season) and the hydraulic water supply is fully 16,000,000 cubic yards per season."

Is that correct?—A. Yes.

10 Q. In connection with the dredging and the shovels, what do you say as to that?—A. What do you wish to know about it?

Q. "You may assume for production of gold that the water supply is 16,000,000 cubic yards."—A. I think everyone in the Klondike should know that.

Q. "The business is not only safe, it is highly profitable."—A. You have only to look at the records.

Q. I did not ask that.—A. I say it is highly profitable.

EXHIBIT No. 25. Filed by Mr. Robertson. 2 printed circulars dated Aug. 26, 1930.

20 Mr. ROBERTSON: Q. You will observe, Mr. Treadgold, that these two circulars are dated 26th August, 1930?—A. Yes.

Q. You say you had an interview with Mr. Worsdale on the 27th August, in London?—A. I said on or about. You can take it as the 27th if you wish.

Q. Did you tell Mr. Worsdale anything about operations in the field?—A. I do not remember discussing operations in the field with him.

Q. Did he want to know?—A. No, most of my friends did not want to know, the consolidation was not completed, you have forgotten. You have forgotten a little thing that mattered to them very much.

30 Q. Mr. Worsdale was not interested in knowing what was behind this one million seven hundred and fifty thousand shares or one quarter of the capital of the company?—A. I have no doubt he was. That was not the point, he was interested in what I was doing.

Q. I wish you would tell me what you have done?—A. You have shown what I was doing, these two circulars, a part of the material which was used in raising some money.

Q. I trust they were intended to be honestly used, were they not?—A. They would be fair things to use in raising money.

Q. These circulars?—A. I think so.

40 Q. Did you supply Mr. Worsdale with copies of them?—A. No.

Q. I thought he was going to help raise money.—A. These were not for Mr. Worsdale's or my close friends. He knew what I was doing and how I was doing it.

Q. According to your story you had an understanding with Mr. Worsdale as to his raising money at this time?—A. Yes.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur

N. C.

Treadgold.

Cross-exa-

mination

by Mr.

Robertson

—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. Did you have such an understanding?—*A.* Yes.

Q. Did you not supply him with any data upon which he could approach people?—*A.* I supplied him with the information I was getting, inducing selected shareholders of the Yukon Consolidated to put up money on my plan.

Q. Are you suggesting it was the shareholders of the Yukon Consolidated he was going to get money from?—*A.* I am not suggesting anything of the kind. I am suggesting it was I who was getting the money from shareholders of the Yukon Consolidated and Worsdale's proposition was to implement and supplement any deficiency in my experience in raising £30,000.

Q. I am suggesting in mining operations it is usual for the man who is going to raise money to be supplied with some information about the property it is going into?—*A.* No, I did not suggest anything of the kind.

Q. Why didn't you supply him with such information as these circulars contained?—*A.* I do not remember, but I have not any doubt Mr. Worsdale's mind was that it was the only financial need of the moment, and that was the thing that was in the minds of friends of Yukon Consolidated who were close to him.

Q. Do not try to get away from my question. I face you with the direct proposition, you are not suggesting for one moment that it was friends of the Yukon that Mr. Worsdale was going to?—*A.* No, I am not.

Q. Why talk about that? I am putting to you—*A.* I said, and I repeat—

Q. Will you be quiet till I put my question, I am going to give you a question to answer, if you want to answer it. I put this to you as a reasonable proposition, that if Mr. Worsdale was going out to raise money off the people he would meet, money for the Company's purposes, it would mean he should be informed of the Company's financial position and its progress.

What do you say to that?

Mr. MASON: That carries with it the implication that has not been shown in evidence at all. It is not suggested here that this witness knew anything about where Worsdale was to get the money. His arrangement was with Worsdale. My friend is putting a question which carries a different implication.

His LORDSHIP: If Mr. Worsdale was going to raise any sum of money to make up the deficiency between the sum raised by the witness and the £30,000, either by underwriting or overwriting, that he would be supplied with some data and some information on which to make a deal.

Mr. MASON: My objection is to the form of the question and is not an objection to my friend pursuing the inquiry.

Mr. ROBERTSON: What is your answer to the question, Mr. Treadgold?—*A.* After all that would—

Mr. ROBERTSON: Do you want me to repeat it?—*A.* Mr. Worsdale was known to me, and I could not say Mr. Worsdale was going outside to anybody else or anything. My dealings in my long career with Mr. Worsdale have always been direct, and I have never asked Mr. Worsdale

to produce any figures of his. Friends of his have in fact been associated with me before, but I have never asked Mr. Worsdale to prove to me his ability to discharge any promise he has ever made to me.

Q. Is that your answer to the question?—A. I have no knowledge he was going outside at all, and I do not believe he was, in fact.

Q. Are you able to say whether you at any time gave Mr. Worsdale any statement or any figures that would indicate the Company's operations, either their extent or their result financially?—A. No, I cannot say I did. I would like to state to you that men who go to raise money by means
10 of a paper between themselves as a rule—I have raised a great deal of money for many many years.

Q. There are a great many people know that?—A. I can honestly say I have never done what you are suggesting. I would not show Mr. Worsdale to induce him to support me in what was only a relatively small sum of money.

His LORDSHIP: Then what you are telling me is this, so far as you are concerned, you believed Worsdale and his associates, whatever they were, were loaning money to you and were not loaning money on the security of the property?—A. They were going to use undoubtedly the
20 security of the gold coming out of the property of the controlled company.

Q. That is not what I am asking you?—A. I do not understand you.

Q. I am trying to ascertain from you this: First of all, having regard to Mr. Robertson's question, it seems hard to understand, while it may be true, that you enlisted the support of Mr. Worsdale to raise a sum of money, what sum I do not know, but anyway up to £30,000 on the security, to be advanced by these men for the purpose of development of the Yukon in properties that you were interested in, that you at no time pointed out to him, or particularly at the time you enlisted his support you did not
30 supply him with any data, any information as to how the properties were developed, what progress they had made, or what hope or expectation there was as to the future. I am asking you whether that is true or not? —A. It is not true, neither is it in my opinion what I said. I did not say I supplied Mr. Worsdale with anything. I did not say I did not inform him of the position of the Company. I informed him of the need of raising money. I was going to raise money and I was going to raise it on the gold to come out of the ground. Mr. Worsdale's promise to me was to
40 overwrite, if you say to use that word, in a sum not exceeding £30,000, any sum I might be short after going around my friends. I proceeded to go around my friends and the result of that a sale might be made possible. They are matters of record.

Mr. ROBERTSON: Mr. Treadgold, we have already referred to the fact that a meeting of the shareholders of this Yukon Company was called in the month of December, 1930.—A. I do not know what you mean by "meeting." A special meeting was called for the 7th or 8th November.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff s
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. Was there any action pending by you or at that time by either Harrison or Mr. Patton?—*A.* Do you mean in November?

Q. Yes?—*A.* There was trouble in November, trouble started early September or October.

Q. What trouble?—*A.* Trouble that stopped me in my financing.

Q. What was the trouble?—*A.* Trouble that developed at Ottawa from the interference by Chrysler and Chrysler with the building operations in the Klondike with a view to collecting the Company's debt to them.

Q. Was there an action pending in November by Harrison?—*A.* Not that I am aware of. 10

Q. Was there an injunction in November with respect to the special meeting?—*A.* Yes, an interim injunction was obtained some time in November.

Q. On whose application?—*A.* I am not certain on that, but possibly by somebody for Mr. Patton—I am not certain.

Q. Was that injunction to restrain you from dealing with the shares that were registered in your name?—*A.* If I remember rightly it was an injunction to restrain the special meeting. The Order will show.

Mr. MASON: Surely this is a matter of record.

Mr. ROBERTSON: Surely we can get something without interruption. 20

Mr. MASON: These things are matters of record.

Mr. ROBERTSON: I have not got them.

Q. In December, 1930, was the annual meeting called for December?—*A.* The annual meeting had been called, I think by Mr. Chrysler, the Vice-President, for 30th December, 1930; I think that is correct. You are placing wonderful reliance for these matters on the record of my memory.

Q. Was there an injunction obtained with respect to that meeting?—*A.* Yes.

Q. Am I right in this, there was first of all an injunction obtained against you voting your shares that were registered in your name?—*A.* 30 With reference to which meeting?

Q. The annual meeting.—*A.* Yes.

Q. That was obtained adversely to you?—*A.* There was an injunction obtained.

Q. Am I right in this, you obtained an injunction to restrain the holding of the meeting, you or your counsel?—*A.* Yes.

Q. It may be of no importance, but your side obtained one, and there was also one made by the enjoined?—*A.* Yes.

Q. It was in connection with that you made an affidavit that went in as Exhibit 18, the affidavit that I referred to yesterday?—*A.* Do you want 40 me to read it?

Q. There was a motion to continue the injunction. It is dated the 2nd of January, let me remind you. I understand the motion was made before Mr. Justice Fisher in Ottawa Weekly Court to continue the injunction, and that is where your affidavit comes in?—*A.* I suspect so.

Q. You got notice of each of these meetings as registered shareholder, notice was given to you?—A. I do not think so.

Q. How is that?—A. I was at Ottawa.

Q. You knew all about it?—A. I knew about the meeting.

Q. You knew about the notice, you knew notices calling the meeting were being sent out?—A. No, I did not have anything to do with that, Mr. Chrysler did all that.

Q. How did you get to know a meeting was being held?—A. I knew by almost daily contacts with the two Chryslers. I will admit I knew.

10 Q. Did you communicate your knowledge to Mr. Worsdale?—A. I did not communicate it to anybody, not anyone that I know of.

Q. You didn't communicate to Mr. Worsdale?—A. No.

Q. You had undertaken to do so, had you not?—A. I do not remember. How? By letter?

Q. Yes, letter in here as an exhibit.—A. That doesn't mean that I know all. Most of your exhibits are unknown to me. The letters of yesterday not one of them is known to me.

20 Q. I want to know why you did not give him notice.—A. I do not know whether that obliges me to inform Mr. Worsdale or any other shareholder of a meeting of Yukon Consolidated.

Q. You think there is nothing in the letter that created any sort of an obligation on you to inform Mr. Worsdale of the meeting?—A. No, there was no use in a meeting, the meeting was restrained. I do not think the meeting took place.

Q. Of course at this time your writ in the Patton action had been issued and served?—A. Issued on the 22nd, served on me I think on the 23rd December.

Q. You never said a word to Mr. Worsdale?—A. No, never a word.

30 Q. Later on, early in 1932, there were negotiations in London. Later on in January and February, 1932, before the first trial of the Patton action there were negotiations were there not over the settlement of the Patton action, in which you took an active part; is that true?—A. There were negotiations conducted by Mr. Schultz and Mr. Corbett.

Q. And you?—A. It cannot be said I took an active part.

Q. I am reading from Exhibit 22, your affidavit made in the Patton action on the 8th March, 1933:

40 “ 6. It became necessary therefore for me to apply for an order permitting the issue of a second Commission to take evidence of witnesses on my behalf in England, which order was made on the 9th of January, 1932. No evidence was taken under this second Commission, which was returnable on the 7th of February, 1932, owing to the fact that negotiations were commenced between the plaintiffs and myself commencing early in January, 1932, with a view to settlement of the action.

“ 7. These negotiations which were conducted by the Shareholders' Committee as representing a large number of shareholders,

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—*continued.*

by Mr. A. C. C. Schultz for myself and by Mr. F. W. Corbett for the plaintiff, culminated in a meeting of one of the plaintiffs (Mr. Lawther) and myself on 12th February, 1932, and thereafter in the preparation on 17th February, 1932, of a draft of terms of settlement, which draft, prepared by Mr. Corbett, was submitted to me on 18th February, 1932, and promptly returned by me with certain changes. It was redrafted, with one important change, by the plaintiffs, and submitted to me on 19th February, 1932. This amended memorandum of settlement was returned by me after consulting all the parties above mentioned, with a letter signifying my approval of the settlement, as arranged, to Mr. Corbett through Mr. Schultz, on 23rd February, 1932. On February 25th, 1932, I attended, by invitation, a meeting with Messrs. Morrell, Lawther (two of the plaintiffs) Schultz and Corbett to carry forward the details of the settlement. At this meeting, the Board of Directors named by the Shareholders' Committee and Mr. Schultz, was approved except that Mr. Lawther was substituted as a director in place of one of those previously agreed upon.

“8. On the next morning (26th February, 1932), expecting confirmation in writing from the plaintiffs of my letter of acceptance of 23rd February, as we had, at the meeting of the 25th February, agreed on the only point left in doubt—the personnel of the Yukon Board—I was informed by Mr. Schultz that the settlement would not be carried out. No reason was assigned except that Mr. Patton was resisting it; and my letter of acceptance was not returned and has not since been returned to me.”

Are those statements accurate?—A. Especially the one about Mr. Schultz dealing for me. I was not dealing for myself.

Q. The statements contained in the affidavit as to yourself are true?—A. I think so.

Q. One of the terms of settlement proposed, and which you were prepared to agree to, was the handing of 500,000 ordinary shares to Messrs. Corbett and Schultz to be held until the Board of Directors of the Company instruct them that all matters in dispute between Mr. Treadgold and the Company were satisfied?—A. You have the advantage of me, you are reading the document. How do you know these are the terms of the settlement?

Q. I am not answering the question.—A. I am very sorry. My answer, I do not know, it may very well have been so.

Q. This all took place in London, these negotiations that are referred to in the affidavit?—A. Yes.

Q. Did you communicate in any manner, shape or form, with Mr. Worsdale about that?—A. I do not remember whether I did or did not. I did not communicate with any of my friends about the proposed settlement.

Q. You did not communicate with Worsdale?—A. I do not think I did.

Q. Then there was a Commission executed in this action on behalf of the defendant company ?—A. A Commission on behalf of the Yukon.

Q. A Commission issued in this action on behalf of the Yukon Company, the defendant, and executed in London in the month of May, 1935 ?—

A. I was aware of the meetings in this action.

Q. You attended throughout, did you not ?—A. Yes.

Q. You were active in instructing counsel for the plaintiff ?—A. I do not know about active in instructing counsel.

10 Q. You sat beside him through the proceeding, the taking of the evidence, you were there throughout ?—A. I do not think so. I may well have been, I was not there very much.

Q. Mr. Worsdale was not there at any time while you were there ?—A. I do not know whether he was or not.

Q. You did not see him there ?—A. I did not see all the people who were there.

Q. Mr. Troop was there, the Secretary of the Company ?—A. I saw him.

20 Q. Then in 1934 you were in Toronto, were you not, at about the time, or during the time the appeal from the judgment of Mr. Justice Davis in the Patton action was argued ?—A. Yes.

Q. You were in Toronto for some little time before that, before the commencement, were you not ?—A. I expect so, I am looking to see—yes.

Q. Have you something there that gives you the date ?—A. I have only got my movements.

Q. I suggest you were in Toronto on the 27th of February, 1934.—A. I think I was.

30 Q. The 27th of February ?—A. No, I could not be. I did not get to Toronto until the 3rd of March. I landed at New York on the 2nd of March and got to Toronto on the 3rd of March, having left Southampton on the 23rd of February.

Q. You were here on the 6th of March ?—A. I think I was.

Q. And on that day you had a long interview, had you not, with the firm of McLaughlin, Johnston & Company, who were on the record here as the plaintiff's solicitors, isn't that so ?—A. I do not remember that at all, I do not believe it either. I do not think I had a long interview.

Q. Two hours ?—A. I do not know, I do not think so.

Q. Would it help you any— —A. I may have it, I do not remember at this day.

40 Q. I put it to you that you had more than one interview with that firm, or with some member of it, before Mr. Worsdale came to Toronto at all, isn't that so ?—A. No, I do not think it is so.

Q. You do not think it is so ?—A. No, I don't think it is so, I don't remember it at all.

Q. You do not remember it ?—A. No.

Q. Can you offer any suggestion, any reason why McLaughlin & Company should file any claim for such an interview, file with Mr. Clark, the Liquidator ?—A. No.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. I would like to know how far you will go. Are you swearing that you did not have at least one interview with the firm?—*A.* I am certainly not swearing I did or did not. I don't remember it if there was one.

Q. The solicitors on the record in the Patton action at that time were Messrs. Brown & Wallace for you?—*A.* Yes.

Q. In the beginning you had Mr. Belcourt's firm in Ottawa?—*A.* Yes.

Q. They continued until after the trial before Mr. Justice Raney?—*A.* Yes.

His LORDSHIP: What date do you suggest the witness had an interview with the McLaughlin Company? 10

Mr. ROBERTSON: On the 6th of March, 1934.

Q. I suggest to you, Mr. Treadgold, and I want to get your memory on it, whether a matter of approximately ten days before Mr. Worsdale came you had an interview of some considerable extent with the present plaintiff's solicitors?—*A.* I cannot help you, I do not remember it.

His LORDSHIP: What was the outcome of the litigation, of the Patton action?

Mr. ROBERTSON: He said late in December of 1933 or early in January of 1934. 20

Q. One thing more I would like to get from you, Mr. H. J. McLaughlin, K.C., who is appearing as counsel here was in England in the summer of 1935. You saw him, didn't you?—*A.* Yes.

Q. How early did you see him?—*A.* I do not know what "early" means. Do you mean early this year? You must make your question definite.

Q. I want to know how early in the summer of 1935?—*A.* I cannot tell you the exact date. It could be ascertained no doubt. It was not early in the summer of 1935, if I remember, very late in the summer.

Q. Tell us when?—*A.* I cannot tell you when. 30

Q. Can you tell me about when?—*A.* No, it was well on in the summer.

Q. What does that mean?—*A.* I cannot tell you what it means, it was getting towards autumn.

Q. Was it in August?—*A.* I could not tell you.

Q. You don't know?—*A.* No.

Q. Did you see him on more than one occasion?—*A.* No.

Q. Just once?—*A.* Just once, I think.

Q. Was Mr. Worsdale present?—*A.* I am afraid I cannot tell you.

Q. Was Mr. Clark, the Trustee in Bankruptcy of Mr. Worsdale, present?—*A.* I do not know who was there, it was not my meeting. 40

Q. Do you know Mr. Williamson of New York?—*A.* Yes.

Q. A stock-broker?—*A.* I know Mr. Williamson who probably you are referring to.

Q. Mr. Edgar M. Williamson.—*A.* Yes.

Q. You have known him a long time?—A. Yes.

Q. You have confidence in him?—A. Yes.

Q. Did you in November, 1931, send or have delivery made to Mr. Williamson through Mr. E. J. Weinheim certain certificates for shares of stock of the defendant company?—A. I do not remember the occurrence, but I may well have.

Q. I direct your attention to and ask you to read Exhibit 1 of Mr. Williamson's evidence taken on commission in this case. You may read all the exhibits, three.—A. I have read the first one already.

10 Q. Did you do that?—A. I have no doubt I did.

Q. That is the way you take it, that you did not dispute the accuracy of the receipt?—A. I did not see any reason for disputing it at all.

Q. Here is a receipt of November 11th, 1931, Received from Mr. E. J. Weinheim, for the account of A. N. C. Treadgold, 1,813,900 shares of the Yukon Consolidated Gold Corporation Limited, certificates No. 127 for 50,000—No. 126 for 100,000—No. 0369 for 1,663,900. Beneath that is 0369 reg, A. N. C. Treadgold, 126 Edgar M. Williamson, 127 Edgar M. Williamson. 126 and 127 were in the name of Williamson and 0369 was registered in the name of A. N. C. Treadgold. This was your letter, Exhibit 2 20 in that Commission, your covering letter. It is written from the Commodore Hotel, New York?—A. What is the date of the letter?

Q. I do not see a date on it. I think we need not trouble?—A. Are you connecting it with the receipt you have shown me?

Q. I am connecting it, as I may tell you Mr. Williamson does, in his evidence. We may take it you did send Mr. Weinheim to Mr. Williamson with the three certificates?—A. Yes, he was the Master of Titles.

Q. Now I want to refer to some of your evidence given on the second trial of the Patton action, page 2357 and 2358. Will you listen while I read this evidence to you? You were being cross-examined by Mr. McCarthy.

30 Mr. MASON: Just a moment, Mr. Robertson. I submit that now the ordinary rule, if this witness gives any evidence of this kind, as to which his veracity is impugned, it is quite competent to my friend to read any evidence for that purpose of a previous occasion, but it is only for the purpose of contradiction.

Mr. ROBERTSON: I would like to know what authority my friend has. One is always entitled to read a statement to the witness and ask him if it is true. I propose to read to this witness a statement and ask if it is a true statement.

40 His LORDSHIP: Mr. Mason objects to you reading evidence given by the witness on a former occasion into the record in this case. That you cannot do. You may cross-examine as to a statement and ask him whether it was a true statement or not. Is that what you propose to do?

Mr. ROBERTSON: What I propose to do, having in mind the witness' infirmity, was to read this statement to him as it is here and ask him if it is true or not true.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.

Treadgold.

Cross-exa-
mination

by Mr.

Robertson

—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

His LORDSHIP : Another construction can be put upon the letter. I do wish the witness would try and answer questions. Do not split hairs. I have listened very long and very patiently to you. I asked, and advised you yesterday, and I now instruct you to answer questions Yes or No. If it is necessary for you to make any explanation you may make an explanation. First of all, direct your answer to the question and answer if possible Yes or No.

Mr. ROBERTSON : Let me read from page 2353, and tell me if this is what you swore to on an early occasion :

“ Q. Tell me what happened to the Harrison certificates. We 10 have Nos. 0.44, 45, 46 and 47—tell us what happened to those?—
A. They were used by me, as will appear.

Q. How were they split?—A. They were split into seven certificates—

Q. Which ones are they, can you tell me?—A. No. 42, and then from 121 onwards.

Q. To what?—A. To 127.”

Is that correct so far?—A. I think it is correct. You are expecting me to be able to give the whole share register.

His LORDSHIP : You must try and answer the question.—A. May I 20 have the books if it is necessary to refer to the books?

Mr. ROBERTSON : Do you wish to see this register?—A. I am doing my best without it, but I may want it.

“ Q. Now we will take 42. 42 was issued in the name of Edgar M. Williamson for 100,000 shares. How did Mr. Williamson come to get them?—A. As my nominee.

Q. Your nominee?—A. Yes.”

Is that correct?—A. Yes.

“ Q. Why were you nominating Harrison's shares?—A. I was 30 not nominating, I was using Mr. Harrison's shares.

Q. For what purpose?—A. For my own purposes.

Q. As your own?—A. Yes, as my own.”

Is that correct?—A. Yes.

Q. You put them in Williamson's name?—A. Yes.

Q. Used them as your own?—A. As my own, yes, for my purposes. I did not put them into my pocket, you know.

Q. I am coming to where I was :

“ Q. Now which of these certificates remained, as you say, with Williamson?—A. I forget just when, but I know that I had 40 two. I know that the last two of that series came from Williamson in 1931. I forget what others he had at any time. I remember fetching from his safe the last two.”

Is that right?—A. I think so. I am not sure of 1931. I am not sure that harmonizes with the receipt.

“ Q. When did you give them to him?—A. I am not quite sure when, but my impression is before the last trial.”

That is the trial before Mr. Justice Raney?—A. Yes.

“ Q. When did you first give those certificates to Williamson?—
A. I could not tell you, but some long time, some considerable time before that.”

Is that right?—A. Yes, years before they were with him many times as I remember.

10 Q. I read on to page 2355, and I had gone back to page 2352. I had been on page 2357 when I began this part of my questioning.

“ Q. We have 126 and 127 to account for still. Where are they? You have told me that 124 and 125 are with Sir Harold Moore, endorsed in the same way, that is by you for Williamson, and witnessed by you.”

20 Those were the two certificates that were put with Sir Harold Moore, liquidator of the Granville Mining Company to be used in the exchange of Yukon shares for Granville shares, is that correct?—A. Well it would be very unfair if left in that condition. They were put with him in two capacities on different dates. They were put with him, handed to Sir Harold Moore as Receiver of the Granville Mining Company in the end of February, 1928. In May they were again handed to him as liquidator, and he was on that day with the Granville Mining Company. In the passing of the Order of the 30th of April it matters quite a lot to find the story which you introduce.

Q. You had endorsed these certificates in Williamson's name and signed your own name as a witness?—A. Yes.

“ Q. What happened to 126 and 127? ”—These are the two that are referred to in the receipt of Mr. Williamson I showed you—
“ Where are they?—A. They are in safe keeping.”

30 This was at the trial before Mr. Justice Davis, is that right?—A. I think they were in safe keeping.

“ Q. Where?—A. I do not know whether they are in New York at the present moment or at Seattle.”

Is that correct?—A. Yes. I did not know Mr. Weinheim had not taken them either west or east.

Q. You were taking it they were still in the possession of Mr. Weinheim?—A. I was not sure whether they were in the possession of Mr. Williamson or Mr. Weinheim.

Q. Mr. Weinheim lived in Seattle?—A. Yes.

40 Q. “ Q. Whom did you give them to?—A. They were entrusted by me for safe-keeping to Mr. E. J. Weinheim.

“ Q. Who is he?—A. He is an old-timer.”

A. I think he was not gone to Seattle.

Q. “ A. He was a very old friend of this business.”

Is that correct?—A. Yes.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. On page 4 of the letter appears this, Mr. Treadgold :

“ I have found the deeds I signed with Miss Kahn as witnessing July, 1930 (you will remember) they will be useful to you and me.”

I suggest to you, Mr. Treadgold, that that had reference to Exhibit 2 on this trial?—A. No, it has not reference to that whatever that I am aware of.

Q. What had it reference to?—A. There were other things done.

Q. What other deed was signed in the presence of Sally F. Kahn in July, 1930, that that refers to? You answer my question.—A. I have no doubt this has reference to other deeds of the same period, 1930, July.

Q. What other deeds?—A. I have no doubt it refers to other cer- 10
tificates transferred.

Q. Did you sign any other certificates at that time?—A. Yes.

Q. Are you swearing to that?—A. Yes.

Q. You are swearing you did?—A. Yes.

Q. A deed of this character?—A. I am not sure, I think there are deeds of that very character. I should think there are deeds of the very character in the very period.

Q. To whom were they?—A. Well, I can't remember. There would be some in favour of Mr. Bredenberg.

Q. At that time?—A. Yes. 20

Q. He was a servant of yours?—A. No, it is not fair to call him a servant.

Q. In your employ?—A. He had been in my employ in the office up to 1928 when he was incapacitated.

Q. What was he doing in 1930?—A. Living near London.

Q. At whose expense?—A. Chiefly his brother's, not at mine I regret to say.

Q. Have you got these deeds?—A. I cannot say. I have nothing of that period.

Q. What other deeds? Bredenberg is one?—A. I would have to 30
see. That is a long time ago.

Q. It is not so long, it is only a month before the transaction in question?—A. Yes.

Q. Why would the transfer of shares to Bredenberg be useful to Mr. Weinheim?—A. Great use.

Q. Transfer to Weinheim?—A. Yes, transferred at that particular period.

Q. What particular period?—A. Any of the transfers of 1930 would be useful to Mr. Weinheim.

Q. When?—A. Throughout his litigation. 40

Q. In December, 1933?—A. Yes, and onwards.

Q. Why useful to Mr. Weinheim?—A. Anything that helped the shareholders as a body was useful to Mr. Weinheim.

Q. Is that the only answer you have to give?—A. Yes.

His LORDSHIP: How would it be useful to shareholders?—A. The shareholders, a great many were resisting litigation, and to get evidence

of necessity on which to resist. Many of them have been accused of resisting without necessity. Some were not in a position to resist financially. Mr. Bredenberg happened to be one of them.

Mr. ROBERTSON : Q. Mr. Treadgold, can you produce to this Court, or can you tell us of the presence anywhere, the existence anywhere of any deed signed with Miss Kahn as a witness in July, 1930, except Exhibit 2 ?

—A. I do not know that I can, but I will try.

Q. Why would Mr. Weinheim remember ?—A. Well, Mr. Weinheim was dealing with the prior period with two million shares.

10 Q. Were you getting two million shares out of your name at this time ?

—A. I think I was, I think continuously commencing with the beginning of May onward, I think it was.

Q. You got two million out of your name ?—A. Yes.

Q. Not out of the register ?—A. Yes.

Q. You were getting as many shares as you could out of your name ?—A. That is not the same thing at all, only getting as many as I could out of my name, getting shares out of my name for a specific purpose only.

Q. This letter, you will observe, is dated 28th December, 1933 ?

20 Q. Where you say “ I have found the deeds I signed with Miss Kahn as witness in July, 1930. They will be useful to you and me.” It was in the beginning of the following year, January, 1930, that Mr. Worsdale first made himself known to the defendant company, as he states. I call your attention to that. Does that have any significance in your mind ?—A. No.

Q. I want you to identify two further letters of yours if you will. I beg your pardon. They are, first your affidavit sworn on the 5th of March, 1931, in the Patton action, is that your affidavit ?—A. Yes.

EXHIBIT No. 28 : Filed by Mr. Robertson : Affidavit on Production of A. N. C. Threadgold in *Patton v. Yukon*, March 5, 1931.

30 Q. Is this also your affidavit sworn in the same action on the 30th November, 1931 ?—A. Yes.

EXHIBIT No. 29 : Filed by Mr. Robertson : Affidavit of Production of A. N. C. Treadgold in *Patton v. Yukon*, dated Nov. 30, 1931.

Mr. ROBERTSON : These affidavits, my Lord, are three affidavits of production in the Patton action. There is no reference, I think, to any matter whatsoever concerning Mr. Worsdale.

40 Q. I have filed here three affidavits on production made by you in the Patton action setting out documents relating to the matter in question which then were, or which have been in your possession, custody or power. I call your attention to the fact there is no reference to any transfer to Mr. Worsdale, to any deed to Mr. Worsdale, or any deed to anybody else of shares in the Company. What do you say as to explanation ?—A. I do not know of any record.

Q. I give you this opportunity to explain that, if these things existed why they were not referred to. Is there any explanation ?—A. I do not know why they should be referred to.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.

Cross-exa-
mination
by Mr.

Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. Is that the only explanation?—*A.* I have no explanation to offer.

Q. I want to show you documents which are records from the office of the Secretary of State, Ottawa, and with your Lordship's permission, after getting the witness to identify the signatures I desire to put in a certified copy so the original will not have to remain here.

Is this your signature on page 3 of the document I have in front of you?

—*A.* What is the document?

Q. I am asking you is that your signature, is it or is it not?—*A.* It looks like mine.

Q. Is it your signature?—*A.* I would say so, yes. I would like to know what the document is. 10

Q. The document is a statement in lieu of prospectus. Do you know the other signatures that appear there?—*A.* Yes, some of them. Let me look at them all.

Q. Do you know Mr. Watson?—*A.* These are all in my opinion easy to recognize.

Q. Mr. Watson?—*A.* One.

Q. Mr. Chrysler?—*A.* Two.

Q. Mr. Larmonth?—*A.* Yes.

Q. Mr. P. H. Chrysler?—*A.* Yes. 20

Q. At the date of the document, February, 1925, were they directors of the Company?—*A.* They had already become directors.

MR. MASON : I want to submit my Lord, this is absolutely not relevant in this action. This document is 1925, and our action is 1933.

HIS LORDSHIP : I do not know what the document has to do with the case.

MR. ROBERTSON : I do not propose to enter upon the long inquiry that was held in the Patton action. I do desire to get this much, I desire to put before your Lordship the structure of the Company. I propose to give in evidence through this witness, if he will answer questions, to show what the origin of the shares in question was. I want your Lordship to see the relative amounts of these shares to the witness, and the amounts to him that would come from these shares in the event of a certain decision in the Patton action. 30

HIS LORDSHIP : I quite appreciate what you suggest.

MR. ROBERTSON : I put these in and do not propose to travel abroad with this. I put these in for the purpose of putting it before your Lordship as evidence of his credibility, without any more, although it is true we have had enough to indicate it. One would need more to go on than the full effect of the statement made that no director was interested, no director was getting any profit, which I would submit was so manifestly untrue. 40

HIS LORDSHIP : Assume it was untrue, outside of the question of credibility.

MR. ROBERTSON : On that one thing perhaps it is not important in this action except on credibility. I have introduced it now to get rid of the

witness and let the witness get back to Ottawa. I am going on with the witness to find out what did happen, and I say it should not take long as it is largely documental. One gets the story of what the shares were issued for, including these shares, as they were all tied up together, and how the shares came to be issued, so your Lordship will appreciate what we are talking about. We are talking about the Harrison shares. We find a million six hundred thousand shares issued at one time, so you will see what it means. The shares were issued just prior to the transfer to Williamson. I want to give you the document so you can form an intelligent idea of the parties we were dealing with. I submit it would be relevant for me to investigate what money and the transactions it was invested in for the purpose of discrediting the witness showing he was not entitled to be credited in this Court.

Mr. MASON: Your Lordship appreciates if my friend purposes to follow that position away back to 1925, notwithstanding my admission, he is going to show his own side for the purpose I thought my admission was directed towards shortening the action.

Mr. ROBERTSON: If my friend, when I get through what I propose to do, is not satisfied, he will have to exercise his own judgment. I do not think it is necessary if my friend understood entirely what the simple share structure really is. We are dealing with a few large blocks of shares, and if I want to go into the whole history for the purpose of showing what was the ground of the judgment of the Patton action that would be a lengthy inquiry. What I am proposing to get is to show the witness the document, and it would not take much time, and my friend would not have to re-examine on it.

HIS LORDSHIP: I do not know where this is going to go. To a great extent I am in the hands of counsel. I cannot admit this at the present time, although it may be as Mr. Robertson says, necessary. It is not on the credibility of the witness alone, and sometimes that is a method that is taken in order to get evidence in. I will have to admit it at the present time. I am in your hands. Having regard to the fact there have been admissions made I do hope you will not try to peer into what happened in the previous trial.

Mr. ROBERTSON: I have given it most serious consideration, and my friend did not admit in his pleadings. That is not the issue I am proposing to enter upon with this witness. I do not think you can adequately appreciate the evidence that I am going to ask through this witness unless you know something about how many shares came to be issued.

Mr. MASON: If my friend intends in this case to suggest that these shares which were the subject matter of the prospectus are the shares which we are concerned with here I will accept my friend's statement.

Mr. ROBERTSON: There are two steps to it, and they are both simple, if I can get the witness to answer.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

EXHIBIT No. 30: Filed by Mr. Robertson: Certified copy of Statement in Lieu of Prospectus 19 Feb. 1925.

Mr. ROBERTSON: There is one of the questions to be answered as to the amount paid or intended to be paid to any promoter, and the answer is "Nil."

Q. This is another letter of yours to Mr. Weinheim is it not, of the 30th December, 1933?—A. I think so.

Mr. ROBERTSON: The letter has some remarks about counsel and counsel fees.

EXHIBIT No. 31: Filed by Mr. Robertson: Letter dated Dec. 10 30, 1933, Treadgold to Weinheim.

Q. Now, will you answer this question Mr. Treadgold, in February, 1929, certain transactions were put through, were they not, in connection with this consolidation?—A. Yes.

Q. And certain agreements were made by which the defendant company was to acquire certain properties and to issue certain shares?—A. Yes.

Q. Then it was intended at that time that shares of the company would be sold to the public?—A. No, it was not.

Q. Were shares sold to the public?—A. No.

Q. What do you mean by that?—A. It depends on what you mean by "public." Not that I am aware. No shares were ever sold by the Yukon to the public.

Q. Were shares sold by the Yukon to parties who were not parties to the transactions that were then made?—A. No shares were sold by the Yukon organization.

Q. At the time of the making of the agreement, which I am going to produce, the agreement that was made in February, 1925, up to that time there had been only five shares issued?—A. Right, seven in fact, five just as good.

Q. They were shares held by the directors?—A. From the beginning five only.

Q. Have you any idea how many shareholders the company has now?—A. No, but the record is proof.

Q. There are some entries of them?—A. Must be more than a thousand I expect.

Q. Were some of these shareholders persons who were not concerned in the transactions of February, 1925?—A. None of them were directly concerned in the transaction. By that you will mean the agreements of 19th February, 1925.

Q. Was it contemplated at that time that further properties and securities and shares would be brought into the consolidation later?—A. It was contemplated by me from the beginning of consolidation to have all the shares of the companies brought in in a new one.

Q. Probably you better answer my question. I want to know if it was not contemplated at the time of the making of the agreement that properties, shares and securities which were not brought in at that time would be acquired and brought in, contemplated by Mr. Treadgold and those who were acting for the Company in 1925 ?—A. No, by the North Fork Power Company.

Q. Mr. Treadgold, I will put it directly to you. Did you contemplate in 1925 that further properties, shares and securities would be brought into the consolidation ?—A. Yes.

10 Q. You were President of the Company ?—A. Yes.

Q. Were such further properties, shares and securities subsequently acquired and brought into a considerable extent ?—A. Yes.

Q. Did a number of the persons who had been in 1925 owners of these properties and shares and securities bring their properties in in exchange for shares of the Yukon Company ?—A. Some brought them in in exchange for actual shares of the Yukon Company, some for promised shares.

Q. I put it to you, was it not contemplated by you in February of 1925 that that course would be pursued ?—A. Yes.

20 Q. There was an office opened in England for the transaction of that business ?—A. No, no office was ever opened in England for the transaction of any Yukon Consolidated business.

Q. I was very careful not to say Yukon Consolidated, you are not catching me that time.—A. I am not trying to catch you, I was answering you.

30 Q. My question did not include the words "Yukon Consolidated." I asked you merely if an office was not opened in London for the transaction of that business that you told me occurred.—A. No, it was not opened for the transaction of business, but as you may think I am quibbling, an office was leased off Mr. Smallman in which so-called Securities Committee had a right of use. They carried on at 8 Queen Street some activities in the way of exchanging shares of the capital stock of the Yukon Company.

Q. For securities they were desiring to be brought into the consolidation ?—A. They gave promises to deliver shares of the Yukon Company in exchange for securities of the old companies which they were acquiring.

Q. I suppose some of the promises were implemented by the issue of shares ?—A. Yes, in 1923.

Q. That was done ?—A. Yes.

Q. In the meantime some people held interim certificates ?—A. Some of them.

40 Q. Is it not a fact that some of the shares that were dealt with by the Securities Committee were sold for cash ?—A. The Securities Committee sold for cash some shares.

Q. Shares of the Yukon Company ?—A. Shares, but not belonging to Yukon.

Q. I am not suggesting you held them all.—A. That is the whole point.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. You know of a concern called the E. Y. Syndicate ?—A. There was one company called E. Y. Syndicate.

Q. E. Y. Syndicate was a company that Mr. Smallman incorporated ?—A. For me.

Q. Actually under instructions from you ?—A. Yes.

Q. The Company only issued a few shares, eleven shares ?—A. It issued first seven shares to be held in trust for me, and issued four to be held by directors. It was incorporated with money of mine for which I was responsible.

Q. It never sold any shares ?—A. I think we must say it never sold 10 any shares.

Q. Any money it ever had was borrowed money ?—A. No, that is not true, that is absolutely untrue.

Q. How was it, or what way ?—A. There are two ways, the E. Y. Syndicate had funds of its own. It borrowed money, that is another point.

Q. Tell me how you say money of its own ?—A. In connection with the securities which they purchased from the Consolidated Gold Fields.

Q. With borrowed money ?—A. Money partly borrowed.

Q. That is the E. Y. Syndicate, that is who they were ?—A. Yes.

Q. One other company I want you to identify, the North Fork Company, 20 that was an old company ?—A. Yes.

Q. Incorporated over twenty years ?—A. Incorporated the end of 1912 and beginning of 1913, I think.

Q. It had ceased doing business long before 1925 ?—A. Yes, it was tremendous for a while.

Q. It had no assets prior to 1925 ?—A. It had assets, but as you say it was only till the 13th of November, 1924.

Q. It had no assets ?—A. No.

Q. It had 60,000 shares, issued shares ?—A. Yes.

Q. You held on to two ?—A. At that moment I think of but four or 30 five. At the material date you are coming to I said two this morning. I perhaps should have said all but one.

Q. That is what the evidence is.—A. That is not a fact.

Q. In February, 1925, you came out to Canada ?—A. In January, yes.

Q. You got in touch with Mr. Hughson of Montreal ?—A. Yes.

Q. He is a barrister—and then Mr. Lafleur's firm ?—A. Yes.

Q. They are a firm of solicitors who had in 1933 taken out Letters Patent incorporating the defendant company ?—A. They had incorporated the Yukon Consolidated on the 14th of April, 1923.

Q. Up to that time the Yukon Consolidated had stood as an absolute 40 sham ?—A. Up to that time Lafleur's firm was no sham.

Q. Up to that time, February, 1935, the Yukon Company ?—A. Oh dear no, from February, 1924, the organization was quite complete in February, 1924.

Q. I am not suggesting it was not. All I am putting to you is this, it had not been carrying on any business and had not acquired any assets ?—A. If you put it that way, certainly not.

Q. Up to February, 1925, at the time you arrived there were just five original shareholders' shares and that was all that had been issued?—
A. Yes, five and two—seven.

Q. It was at that time as you have told us yesterday that certain persons named by you were added, with yourself, to make a Board, the two Chryslers and Mr. Larmonth?—A. I invited these four.

HIS LORDSHIP: Nothing was done till 1925, and then a Board of Directors was named by him, or he invited them to become Directors and gave them qualifying shares?

10 Mr. ROBERTSON: Yes.

Q. I produce to you an agreement dated 11th February, 1925, between Cunynghame, Smallman and others, of the first part, and the E.Y. Syndicate of the second part, and the North Fork Power Company of the third part. Do you recognize that as the agreement made at that time?—A. Yes.

EXHIBIT No. 32. Filed by Mr. Robertson. Agreement dated Feb. 11, 1925, Cunynghame et al and E.Y. Syndicate and North Fork.

Q. I produce to you another agreement, dated 19th February, 1925, between North Fork Power Company Limited and Yukon Consolidated?—
20 A. Yes.

EXHIBIT No. 33. Filed by Mr. Robertson. Agreement dated Feb. 19, 1925, North Fork Power and Yukon.

(Court adjourned until 2.15 p.m.)

Afternoon Session—2.15 p.m.

October 30th, 1935.

CROSS-EXAMINATION by MR. ROBERTSON (*Resumed*).

Q. Mr. Treadgold, Exhibit 32 refers to the fact that Cunynghame and Smallman acted and represented A. N. C. Treadgold under a power of attorney. Is this the power of attorney?—A. This is a power of attorney
30 from Cunynghame and Smallman to myself.

Q. This is a power of attorney dated 16th of January, 1925, from Cunynghame and Smallman. They are parties of the first part in Exhibit 32. Is this the power of attorney referred to in the same document from the E.Y. Syndicate to you?—A. Yes.

EXHIBIT No. 34. Filed by Mr. Robertson. Power of Attorney dated Jan. 16, 1925, Cunynghame to Treadgold.

Q. This document comes out of the Court in the other case, the Patton action, and there is attached to it a letter of the same date. Was that your letter?—A. Which power of attorney.

40 Q. This letter is attached to the power of attorney of E.Y. Syndicate, is that your letter?—A. Yes.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.

Treadgold.

Cross-exa-
mination

by Mr.

Robertson

—continued.

Cross-exa-
mination.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur

N. C.

Treadgold.

Cross-exa-

mination

by Mr.

Robertson

—continued.

Q. That is a letter you gave at the time?—A. On the 26th November, 1924.

Mr. ROBERTSON: That is a letter from the witness to the Directors of the E.Y. Syndicate.

Q. It would be convenient if you will tell his Lordship who you named as directors of the North Fork Syndicate at this time?—A. Before the period of 1935?

Q. Yes.—A. Norman Larmonth and F. H. Chrysler, J. B. Watson as Secretary-Treasurer.

Q. Were you a director?—A. Yes. 10

Q. There was yourself, Mr. F. H. Chrysler and Mr. Larmonth who constituted the Board?—A. Yes.

Q. Mr. Watson, Secretary-Treasurer?—A. Yes.

Q. The same Mr. Watson who was Director and Secretary of the Yukon Consolidated?—A. Yes.

EXHIBIT NO. 35. Filed by Mr. Robertson. Power of Attorney dated Nov. 26, 1924, E.Y. Syndicate to Treadgold and affidavit attached, also letter Treadgold to E.Y. Syndicate, 26 Nov. 1924.

Q. This agreement I show you dated 9th July, 1929, between yourself and the North Fork Power Company is an agreement you entered into?— 20
A. Yes.

EXHIBIT No. 36. Filed by Mr. Robertson. Agreement, dated July 9, 1929, Treadgold and North Fork Power Company.

Q. This agreement, dated 12th July, 1929, between North Fork Power Company Limited and the Yukon Consolidated is an agreement entered into at that time?—A. Yes.

EXHIBIT No. 37. Filed by Mr. Robertson. Agreement dated July 12, 1929, North Fork Power and Yukon.

Q. I see in this last mentioned agreement which provides for the transfer of certain assets to the Yukon Company that the consideration 30 to be paid by the Yukon Company is 1,788,900 ordinary shares, that is right?—A. Yes.

Q. And the shares represented by certificate 0369 in question here?—
A. Among others.

Q. That is the value of the shares I have just referred to?—A. Yes.

Q. Would it be correct to say that the properties, or securities, or assets, if you may call them that, that were being sold as covered by the agreement of the 12th of July, 1929, were acquired with shares issued under the agreement of 1925? Is that a correct statement?—A. Generally, yes, only very generally. 40

Q. Is this a correct statement in answer to the question "And was the North Fork also an instrument of yours?" "A. Yes I think it might be called that." Is that right?—A. I owned or controlled all the shares but the two or three we have been speaking of.

Q. Will you listen to this and see if it is correct? Do you agree with the answer to the question:

“Q. Mr. Treadgold was the North Fork Company introduced into the transactions of February, 1925, to enable you to make a profit?—A. It was introduced to protect my interests, if that means a profit. To me, of course, there was no profit coming. The question with me, as with everybody else in with me was getting back losses, with the one exception of Mr. Morrell.

10 Q. Of getting back what?—A. Losses, with the exception of Mr. Morrell.

Q. You mean getting back losses which you had incurred prior to 1920?—A. At any rate, prior to 1922.”

Do you agree with that?—A. Generally, yes.

Q. Let me refer briefly to the agreement, Exhibit 32, that is the agreement, Cunynghame, Smallman and E.Y. Syndicate and North Fork Power Company of 1925; you recollect, do you, that the properties that are covered by this agreement are divided into parcels in the schedule?—A. Yes.

20 Q. And opposite each parcel is set the number of shares, preferred shares and common shares allocated out of the price to each parcel. You know that happened?—A. Yes.

Q. You know what I mean?—A. Yes.

Q. There are just four parcels?—A. Yes.

Q. Let us deal with it in a moment, and I think we will clear this up. The first parcel, was that the Beatty parcel?—A. No.

Q. Govett?—A. No.

Q. Whose was the first?—A. Smallman and Cunynghame. They were the vendors.

30 Q. Were you a schoolmaster at one time?—A. Never mind that. Mr. Beatty's name is not there. Mr. Smallman and Mr. Cunynghame were vendors.

Q. I think you know perfectly well what I am talking about, the parcel that is numbered 1 are assets that were coming in from the former ownership of Mr. A. Chester Beatty?—A. They were supposed to be coming in from him once.

Q. Mr. Beatty was to receive a number of preferred and common shares that are set opposite parcel in in this schedule?—A. Mr. Cunynghame and Mr. Smallman in respect of the Beatty securities were to receive that amount.

40 Q. It was the arrangement with Mr. Beatty that he should receive the same exact number of shares?—A. That number.

Q. Do you think we need to ask so many questions? One parcel was coming from a man who was the man who owned just as Beatty—Govett had owned it?—A. Yes.

Q. The number of preferred and common shares opposite the second parcel, is that the price Govett had stipulated for?—A. Stipulated for, but not with North Fork or Yukon, with Cunynghame and Smallman.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson

—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination—
by Mr.
Robertson
—continued.

Q. Parcel 3 is the parcel that would be identified in a similar manner as from the Gold Fields?—A. Certainly not. It never came from Gold Fields on that date. You have yourself proved that the Gold Fields had been bought clean out in cash long before the last payment was made to them in January, 1924. They were not owners or parties to that agreement, and they did not receive a share or a pound.

Q. Have you got quite through?—A. That is what you said about parcel 3.

Q. What I desire to know from you is simply, these assets that are listed in the schedule as parcel 3 are assets that had come from Gold Fields? 10
—A. Once, yes, long before.

Q. In 1924?—A. Part in 1923 and part in 1924, two separate agree-
ments.

Q. They had been vested in each, do you say in the E.Y. Syndicate?—
A. Yes.

Q. Parcels 1 and 2 came from Cunynghame and Smallman?—A. Yes.

Q. You have their power of attorney?—A. Yes.

Q. The parcel came through E.Y. Syndicate, and you had their power
of attorney?—A. Yes.

Q. The E.Y. Syndicate, as you say, had been paid in money, and the 20
Gold Fields had been paid in money?—A. Yes.

Q. £60,000?—A. Yes.

Q. As a matter of fact as to \$180,000, of which the Yukon Consolidated
assumed obligation in respect of it. I say as to \$180,000 was the Yukon
Company assuming obligation to pay it?—A. They assumed obligation on
the 18th February, 1926, at a loss of \$180,000.

Q. Of that money?—A. It would not be correct to say \$180,000 all
went to the Gold Fields. That was a loan of 1924.

Q. I want to ask one more thing about parcel 3: In connection with
the transaction it was necessary to issue shares, that is some people who 30
had provided money to the E.Y. Syndicate had agreed to accept shares in
repayment of their money?—A. They had given me the option of repaying
it in shares if I didn't pay it back in cash.

Q. They were repaid in shares?—A. Not all.

Q. All but one?—A. I think all but one.

Q. That was a matter of £5,000?—A. That is on the definite loans of
the eight lenders.

Q. The only other question I think I am concerned in in this con-
nection is this, you had computed, had you not, the number of shares that
it would be necessary, or you had estimated the number of shares you 40
thought would be required to take care of any obligations in connection
with parcel 3?—A. Contracts were with myself to repay the lenders at my
option in shares, and they footed up to a certain number, what that number
was I cannot tell you offhand.

Q. Isn't this a simple thing facing you as I see it, that you had made
an estimate that you would probably require a certain number of shares to
satisfy obligations in respect of that parcel, that you did not know exactly

what number of shares you would require, but you put in a number that appeared opposite parcel 3 as what you think was a sufficient number, and it appeared to be more than sufficient?—*A.* The Board and I in our discussion located the price, located the number of shares to the parcel; that is all there is in it.

Q. I do not want to skip by your answer.—*A.* That is not my deed only, the Board did that.

Q. Made an estimate of the number of shares that would be required to satisfy obligations in respect to parcel 3?—*A.* No, that is not the way it was done at all. There was no question of obligation for the Board. Their obligation is what you see in the next agreement when you come to it.

Q. There were never any shares issued to Cunynghame and Smallman, were there?—*A.* No shares issued in Cunynghame and Smallman's joint name, one block, with a part issued in the name of Smallman.

Q. I seem to be unable to exactly understand in your way what happened about parcel 3. Parcel 4 is important. Parcel 4 has showing opposite it 286,000 preferred shares and 2,191,600 common shares?—*A.* I cannot agree to that situation. That is the number of shares that were allocated. We could not have sold one parcel without selling all, and should not have sold any without a stipulation for the total price.

Q. The total shares is 500,000 preferred shares and 3,250,000 common shares. The parcel covered by parcel 4 were the Harrison interest, whatever it might be, and the Patton interest or part of it?—*A.* Yes.

Q. As to what Mr. Patton was to get he was to have 75,000 preferred shares of Yukon, that is right is it?—*A.* Not under that agreement.

Q. I am not asking you under this agreement?—*A.* Mr. Patton had paid partly in cash to the amount of £15,000, partly with a promise of shares.

Q. You will remember Mr. Patton is here, and we can get it from him if you cannot give it to me. Mr. Patton was to receive for his interest as part of the consideration 75,000 preference shares, isn't that correct?—*A.* Under the agreement between him and Cunynghame and Smallman of the previous 31st December, 1934, yes; on that agreement, no.

Q. I am putting it to you, and you can introduce all the language you like that all Mr. Patton was to get in shares for his property?—*A.* That was promised to Mr. Patton.

Q. That is all he was to get in shares?—*A.* Yes.

Q. In addition to that there was a money consideration of £15,000?—*A.* Not at the time. What you are referring to had been previously discharged.

Q. I am putting it to you that is all the money Mr. Patton was to get?—*A.* Yes.

Q. The two considerations to him for his property which is covered by this agreement was £15,000 in cash and 75,000 shares?—*A.* Yes.

Q. Preferred shares?—*A.* Yes.

Q. The shares were Yukon shares?—*A.* Yes.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-examination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*
—
Plaintiff's
Evidence.
—
No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. The cash £15,000 obligation, in respect of that, and the providing of the money finally fell upon the Yukon Company?—A. Not a penny of it, either for or finally.

Q. Are you swearing to that?—A. I am. Not a penny came from the E.Y. Syndicate's money.

Q. Do not let us trifle over this, we have been through this before? —A. I am not trifling.

Q. E.Y. Syndicate borrowed money somewhere?—A. No. It borrowed for a time until the total of its own money was exhausted.

Q. Then where did it come from?—A. The E.Y. Syndicate. 10

Q. Where did the E.Y. Syndicate get it?—A. It got it in respect to this 60 per cent. interest in the prior charges of Burrall & Baird Limited.

Q. Where did they get the money?—A. From the company called Burrall & Baird, Limited, working the Klondike fields and paying part of this from the charges.

Q. That is one of the concerns that was being brought into the organization?—A. It was intended to acquire it wholly.

Q. Burrall & Baird were to be brought in?—A. Burrall & Baird were not brought in till 1929.

Q. They were near enough to get cash in 1925?—A. Near enough to 20 the E.Y. Syndicate to get their cash, otherwise no.

Q. The Yukon Company assumed to the E.Y. Syndicate obligation to repay £15,000?—A. In reality.

Q. But it did so?—A. I do not think so. I think in reality it assumed. It assumed the release to Smallman and Cunynghame.

Q. I apparently do not have to depend upon you for these facts? —A. You will have to depend on me for that, it never cost the Yukon Consolidated a penny and never expect it to.

Q. Outside of that was Harrison, and what Harrison was to get was covered by a letter, was it not? This is a copy of a letter which was an 30 exhibit in the Patton trial, and that covers what Harrison was to get does it not?—A. That is an agreement between Harrison and myself. There is also some consideration indicated in the agreement.

Q. I am going to read it. It is from Harrison to Treadgold?—A. I did not hear some letters. It may not be the same letter.

Q. You said it was.

“ In consideration of your services in consolidating the various Klondike interests in the Yukon Consolidated Gold Corporation, the proposed new company, to take over all the interests, and of your undertaking that the said new company, when formed, shall 40 take over my interest in Burrall & Baird Limited (successors to the Canadian Klondike Mining Co. Ltd.) I agree hereby to sell and transfer to you or your nominee all my interest in the appended agreements (a) between the Granville Company etc., and E. C. Erbslow and (b) between E. B. Erbslow and myself and all other (if any) my interest in Burrall & Baird Ltd., for the price of £33,000

to be satisfied by the issue to me or to my nominee of £8,000 of the preferred shares nominal value, and £25,000 nominal value of the ordinary shares of the said Yukon Consolidated Gold Corporation, whose capital is to be not more than £600,000 or \$3,000,000 of preferred shares and £600,000 or \$3,000,000 of ordinary shares, making in all a capital of £1,200,000 or \$6,000,000. The Company is to be formed without unreasonable delay, and I should be pleased to find that it has been formed by 17th April, 1923."

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur

N. C.

Treadgold.

Cross-exa-

mination—

by Mr.

Robertson

—*continued.*

10 EXHIBIT No. 38 : Filed by Mr. Robertson : Copy of letter dated
Jan. 22, 1923, Harrison to Treadgold.

That is what Harrison was to get?—A. That is what Harrison was to get for the properties therein named.

Q. That is all that is covered by the agreement of February, 1925?—

A. I do not know what you mean by all that is covered.

Q. All that is covered as being the Harrison interest?—A. It is not covered at all. There is no stipulation of any kind. Harrison's name does not occur except Harrison's interests are reconveyed by the agreement.

Q. There never was any assignment from Harrison at all?—A. Yes, there was, and you know it. You have a right to prove it.

20 Q. There was a document produced with Harrison?—A. Yes, which to your knowledge was duly acknowledged by Yukon, the assignment of the 25th March, 1925.

Q. After this agreement?—A. Before that, before the assignment in question, acknowledged and allotted for in May of 1925, the shares issued.

Q. I do not know why we have so much talk about things so simple. Parcel 1 is Patton's, parcel 2 is Harrison's interest. Why you want to talk so much about it I do not know. Harrison afterwards sued you?—A. Harrison brought suit.

30 Q. He had not got his consideration?—A. He had not received the shares mentioned in the letter.

Q. You did not pay him at all?—A. Mr. Harrison, when he was offered payment would not take it.

Q. But he sued you?—A. Yes.

Q. He recovered judgment against you for certain shares?—A. Yes.

Mr. ROBERTSON : I will put in the pleadings and the judgment in the Harrison action.

Mr. MASON : I am in my friend's hands. I cannot refrain from objecting to your Lordship that this cannot be germane to this issue. If this is only to credibility he has to go into an inquiry for your Lordship to consider it all.

40 Mr. ROBERTSON : It has nothing to do with credibility. I was endeavouring to show where these shares came from. I have traced them back now. The witness has said the shares in question came from shares that came to North Fork under an agreement I am now discussing.

Mr. MASON : I say we are only covering the record with these papers.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Mr. ROBERTSON : How can my friend come here and say we are covering the issue? It is surely important in this inquiry for your Lordship to know if there was any jeopardy to his holdings in 1930, whether he had any real purpose to serve in selling the ownership of the shares. Your Lordship cannot, because my friend makes an admission, grasp the whole story.

His LORDSHIP : I have no doubt the shares were in jeopardy. It may be as you say it was necessary to have the shares in such a position they could not be got at in order to protect this man. You say it is necessary for the proper presentation of your case, and I am not going to stop you.

Mr. ROBERTSON : I am at the last step in this point. I have been through 10 this before. There is a little arithmetic one can conveniently do. If I can go through this mass of evidence taken before and put my finger on it it would help a great deal.

His LORDSHIP : Not having been through it before and not having the benefit of knowing of the other case, how is it pertinent?

Mr. ROBERTSON : I suggest to show that out of this agreement made in 1925 this witness himself states that he had issued to Harrison and himself shares in trust to the extent of 2,000,000 ordinary shares. When you use a portion of these shares in ways I need not enter into through securities committed in connection with the consolidation, this witness got them and turned 20 them over and got a further consideration of 1,780,000 odd shares. These latter shares are the shares in question here. In the Patton action both lots were attacked, both transactions were attacked. Both transactions are essentially linked up together, because the very first ground for attacking the transaction of 1929 is the fact that the things that were then turned in were bought with the Company's own shares, with the shares bought under the first agreement, private shares, shares he had no right to take, that he used to buy assets. He took the assets and bought some more shares. That is the purpose of this. There were a great many transactions investi- 30 gated in the other Patton trial as to how this was done, and the methods that were adopted, upon which, if I wanted to enter into a full inquiry, and show how Mr. Treadgold transacted business, we would be a long time.

His LORDSHIP : I daresay. Other Judges have been a long time finding it out. The shares were issued by the Consolidated?

Mr. ROBERTSON : The certificates were issued, yes.

His LORDSHIP : They got into the hands of this witness?

Mr. ROBERTSON : Yes.

His LORDSHIP : These shares and others were the subject matter of litigation and twice disposed of; once by the judgment of Mr. Justice Raney and another by Mr. Justice Davis. They came to the same conclu- 40 sion, and these shares were ordered to be cancelled, and the name of this witness stricken off the register: is that not so?

Mr. ROBERTSON : They were stricken off.

His LORDSHIP : Some time in the year 1930 it may be as you suggest when things were becoming warm that this witness and his associate, Mr. Worsdale, were probably, as will be argued by you, this witness required protection and transferred his shares or purports to transfer them to the plaintiff through a trustee in his name. Have I rightly conceived it up to that point?

Mr. ROBERTSON : That is generally the nature of our contest.

His LORDSHIP : You say so far as these shares are concerned, in the first place there never was any consideration for the transfer, in fact the whole thing was conceived in fraud by this witness and the transfer was not a bona fide transfer. In other words, there was no consideration whatever passed between Treadgold and Worsdale, and at no time did the witness acquire any interest in the shares. Am I right so far as that is concerned?

Mr. ROBERTSON : You have gone much further than my friend's admission.

His LORDSHIP : I am only presupposing. I am not saying you have proved or satisfied me.

Mr. ROBERTSON : I say these shares were issued fraudulently and without consideration.

His LORDSHIP : Transferred or issued.

Mr. ROBERTSON : I mean both. They were obtained fraudulently by this witness from the Company. That is definitely pleaded. It was proved to the satisfaction of the Judges who tried the previous action and to the Court of Appeal. My friend says he is not bound by that. It would be open to me to go ahead and prove all that.

His LORDSHIP : Please do not.

Mr. ROBERTSON : I have already stated I have no intention, but I do think I should in duty to my clients put on the record enough for the Court to know where the shares came from. Your Lordship must remember this, we heard a great deal from Mr. Worsdale about the activities of his in the early days, and while, of course, he did abandon any claim to any part of the consideration he still wanted to say it was in good faith.

His LORDSHIP : He did say a bona fide transaction.

Mr. ROBERTSON : I intend to argue when we get through with the evidence it is a reasonable conclusion Mr. Worsdale did not have anything to do with it. We know definitely where they came from, particularly with reference to this transaction in 1925. It was put over by the Yukon Consolidated Company. They paid for their own assets with this two million shares that were taken out of profit which the witness was not entitled to. I quite understand my friend's anxiety to exclude it.

Mr. MASON : I just raise a very very mild objection. I do not see that the judgment in this action of Harrison has anything to do with the matter we are now discussing. My friend does not agree.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Mr. ROBERTSON: We can easily establish what Mr. Patton got and where it came from. The Harrison matter, we now have this letter which shows what Harrison was to get, and I want to show it was confirmed by the judgment of the Court. It was the judgment of the Court he was entitled to even less. There was this large margin of shares appearing in the agreement, Exhibit 32, a very large margin which showed what was coming.

Q. After the agreement of the 25th of February, 1925, was made, certain certificates were issued to you in trust, certificate Nos. 48 to 52 were issued to you in trust, each certificate being for 200,000 ordinary shares?—A. Not issued to me after the agreement. There was an intervening stage the certificate book will show. 10

Q. Do you recognize the share certificate book?—A. Yes.

Q. I am showing you certificate for 200,000 shares, A. N. C. Treadgold in trust, dated 28th February, 1925.—A. Yes.

Q. I show you certificate 49. What do you want to see?

His LORDSHIP: He is not reposing too much confidence in you.

Mr. ROBERTSON: Q. This is certificate No. 049, and is a similar certificate for a similar number of shares, and the same date certificate 050 is?—A. Yes. 20

Q. Certificate 051 is the same?—A. Yes.

Q. Certificate 052 is the same?—A. Yes.

Q. You got these certificates?—A. Yes, but —

Q. What?—A. There is another similar one, No. 6, and No. 6 is North Fork Power Company Limited for 2,191,600 shares, and it is dated June 11th, 1925.

Q. This is a certificate which you asked me about.—A. When is it dated?

Q. This is a certificate for the North Fork Company, and was never used, was it?—A. Certainly it was used. What do you mean by use of a certificate? 30

Q. How was it used?—A. Handed to the North Fork Power Company in consideration.

Q. It was never?—A. If you want me to admit I got shares, the North Fork Power Company got and surrendered it over a split and reissue on the 20th of February, 1926. You are dealing with 1925, and payment of these shares as a consideration allocated to parcel 4.

Q. You think that is important?—A. I do.

Q. Will you tell me this, four other certificates, Nos. 44, 45, 46 and 47 for 250 ordinary shares each issued in the name of Lawrence Harrison?— 40
A. Yes, the same date.

Q. These are the shares we heard of this morning that you subsequently used as your own?—A. You said as my own?

Q. I read it from your evidence, and you admitted it. Do you want to take it back?—A. No, I do not, I want to add to it from the circular dealing with the beneficiaries of these shares for one thing and the share

ledger probably for another, to show that these two million shares which he is going to talk about probably, and which he wants me to talk about, did not get into my pocket. They were North Fork Power Company shares, and any shares in connection with them are for the North Fork Power Company, and they were used for this purpose as clearly indicated in these minutes of the 11th of February, 1925, when the agreements were being made.

Q. Is there anything more you want to say about it?—*A.* I do not think so.

10 EXHIBIT No. 39: Filed by Mr. Robertson: Certified copy of pleadings and Judgment in Harrison and Treadgold.

 EXHIBIT No. 40: Filed by Mr. Robertson: Share certificate book.

Q. These were shares that were used in part in acquiring assets dealt with in the 1929 agreement—I am referring to the two million shares?—*A.* Thank you, if you would repeat.

Q. The two million shares you have been speaking about, it was from them that came the shares to provide the assets dealt with in the agreement of 1929?—*A.* Some of the two million you are referring to were undoubtedly
20 used so.

His LORDSHIP: Is that all the shares that were held in trust by this witness, two million?

Mr. ROBERTSON: So far as I know. I think one was named one million in trust and one million Lawrence Harrison.

Q. Some of these shares were used by you to pay some of your creditors?—*A.* I would say No, not unqualifiedly.

Q. You gave them to some of your creditors?—*A.* Not without consideration if they happened to be creditors of mine.

Q. The consideration was a consideration to you?—*A.* They had to
30 have something for the consolidation also. They had positions, all of them, in my plan of consolidation.

Q. You did not give them to all of the shareholders, but just to those who would be useful?—*A.* I did not give them to them all, or there would be no such claims today.

Q. You were declared bankrupt in 1920?—*A.* Yes.

Q. You are still undischarged?—*A.* Yes.

Q. Is that a letter written by you? You do not need to read it all the way through. Did you write that letter?—*A.* I do not know.

Q. Do you swear you did not?—*A.* I am not swearing anything till
40 I have seen it.

Q. Will you tell me whether you wrote it?—*A.* I will look at the signature.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. Is that your signature?—*A.* I think it is.

Q. The date of the letter is the 2nd of August, 1921, addressed to Gordon Taylor. Gordon Taylor is a broker in Toronto?—*A.* There is one, yes.

Q. That is Gordon Taylor this letter is to?—*A.* I think so, there are two or three.

Q. I am losing patience. There has been more giving of explanations to straight answers.

His LORDSHIP: The witness and counsel are absolutely at arm's length in regard to this. I told you yesterday, and again I repeat it, do try and answer questions. If you cannot answer a question say so. I do not want you to make speeches. 10

WITNESS: I do not know everything always.

Q. It may be interesting, it is not instructive?—*A.* I do not want to waste time.

Q. Sometimes I think perhaps Mr. Robertson is being a little too patient with you to the extent he is wasting time.

Mr. ROBERTSON: *Q.* Were you negotiating at this time with Mr. Gordon Taylor for a loan of \$2,500?—*A.* I think I was, either I or Mr. Weinheim was. I think I was. 20

Q. You were offering him shares, Yukon shares as security?—*A.* Yes.

Q. Let me read you two paragraphs from this letter:

"I have purposely enclosed one certificate only No. 0370 from 116,100 shares because it is a certificate handled entirely by the Chryslers and (the late) Norman Larmonth and it is one of the 1925 lot. It is not in the least likely to be attacked because the enemy would be forced to attack the shares of about 1,400 holders in exactly the same class and they would not in any event dare to do that.

"If for any reason you should wish further shares as security 30 for your 2,500 I will sign and send a transfer for same, which would, if you need them, be on account of my big lump (1,788,900), which are really under attack."

You wrote that?—*A.* Yes.

EXHIBIT No. 41: Filed by Mr. Robertson: Letter dated Aug. 2, 1931, Treadgold to Taylor.

Q. There was another agreement which relates to the matter you were endeavouring to explain to his Lordship last night, perhaps without much success. It is dated 16th July, 1929. Is this a further agreement that was made between North Fork Power Company and the Yukon Consolidated Company?—*A.* Yes. 40

EXHIBIT No. 42 : Filed by Mr. Robertson : Agreement dated July 16, 1929, North Fork Power and Yukon.

Mr. ROBERTSON : Your Lordship may remember last night the witness saying something about a further two million shares ; this is the document I think that covers the two million he had in mind.

Q. Am I right in that?—A. So far as you said two million further shares you are all right.

Mr. ROBERTSON : This does not really form part of the picture. I would not have introduced it except that I notice what he was saying to your Lordship. After they got through with the agreement I have already put in on an earlier date in July they had pretty well exhausted the capital stock. There was something like 200,000 shares left. On the 16th of July this agreement is entered into which provides in the consideration a transfer of further assets, providing for a further two million shares to be issued to the North Fork Power Company. There were not any such shares there. I have no doubt it was contemplated to increase the capital stock.

Q. No shares were issued under this agreement?—A. No.

Mr. ROBERTSON : I think this two million he was trying to tell your Lordship about, the agreement provides for a re-transfer if the shares are not issued. I am not putting it in as having any relation except as to some statement the witness made yesterday to your Lordship.

His LORDSHIP : I would like you to ascertain from the witness when the investigation of the affairs of the Company was made in Ottawa. Was there some investigation by the officials of the Secretary of State ?

Mr. ROBERTSON : Mr. Clarkson was appointed a Commissioner or investigator, or something by the Secretary of State at Ottawa to investigate the affairs of the Company. That is correct, is it not?—A. I think so.

Q. He did hold an investigation?—A. Yes.

Q. You attended and gave evidence?—A. Yes.

Q. Mr. Troop was in some way concerned in that investigation?—A. Yes.

Q. Mr. Troop was at that time with Mr. Clarkson, junior, a partner, and the investigation was in part conducted in Ottawa.

Q. In part in England?—A. Not England, I don't think so, all in Canada, I think.

His LORDSHIP : What is the date of that ?

Mr. ROBERTSON : When was that investigation?—A. The English witnesses that were over here, if my memory is right, were Sir Harold Moore and Mr. Smallman, who came over to give evidence.

Mr. ROBERTSON : The formal appointment by the Secretary of State is 13th of January, 1931.

Q. The report of the investigator Mr. Clarkson was made just shortly before the trial before Mr. Justice Raney, was it not?—A. Yes.

Q. His report was filed in the course of the trial?—A. I think it was. It came out just before the trial I know ; we could not tell why.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Cross-exa-
mination
by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason.

ARTHUR N. C. TREADGOLD. RE-EXAMINATION by Mr. MASON.

Q. Mr. Treadgold, in answer to one of the last questions put by my friend referring to the agreement of the 16th July, 1929, you referred to something about the assets in a company re-transferred?—A. What I said was in the agreement itself there is a provision that if the shares are not bought the assets scheduled in the agreement shall be re-transferred.

Q. As a matter of fact were properties transferred to the Yukon?—
A. Yes.

Q. Shares were not issued?—A. No.

Q. Were the properties re-transferred by the Yukon?—A. No. 10

Q. Are they held by the Yukon today?—A. Yes.

Q. Under this agreement between the North Fork Power Company, Limited, and the Yukon Consolidated Gold Corporation, Limited, Exhibit 42, the North Fork Power Company, which was the vendor, agreed to transfer to the purchaser, the present defendant, certain assets which are set out in the agreement?—A. Yes.

Q. Without going into details, among other things which were included were the Klondike assets of the Yukon Gold Company, comprising first all the property purchased by you from the Yukon Gold Company in 1926 in December?—A. Yes. 20

Q. All the mining property purchased by you from the Yukon Gold Company in December, 1926?—A. Yes.

Q. The consideration under paragraph 2 was to be two million one dollar shares to be paid and satisfied by the issuance of two million ordinary shares. What you are referring to is paragraph 4(b), "The purchaser hereby covenants and agrees that in the event of its failure to pay the said consideration within the foresaid period, then and in that event the purchaser shall reconvey and retransfer to the vendor all of the said scheduled property."—A. Yes.

Q. When you were being examined by my friend, Mr. Treadgold, you 30 were asked about how many shares were outstanding at one time, and you made this answer to him, that you expected there were about 2,500,000, and then you added in speaking of the two million not issued—what were you referring to there in speaking of the two million not issued?

Q. The two million, not issued, are the two million provided by the agreement of the 16th July, 1929, in addition to the authorized capital which is limited to six million.

Q. That involved supplementary letters patent to increase the stock of the company?—A. It would require that.

Q. Was that in fact done?—A. No. 40

Q. Did you have any reason at the time of the making of Exhibit 42 to anticipate that the agreement would not be carried out?—A. None whatever.

Q. I see this agreement follows four days after the other agreement.—A. The situation was ready for the agreement and the agreement was made.

Q. You told my friend you had all the shares of the North Fork Power Company with the exception of some qualifying shares.—A. Yes. I understood him when referring to the date of February 1925 when I answered the question and said all but two or three.

Q. At the time of the agreement in 1929, of July 6th, what was the position of your ownership of North Fork shares?—A. The same.

10 Q. So if this two million shares had been issued as provided by the agreement of July, 1929, in connection with the North Fork Power Company, and had gone to the North Fork Power Company, by reason of the ownership by you, the North Fork would have controlled these shares?—A. I would have controlled them.

Q. I want to see, without spending a lot of time, whether I can accurately ascertain if the shares were issued. I gather from what you told my friend that by the agreement of February, 1925, there was an issue of 3,250,000 ordinary shares and 500,000 preferred shares?—A. That was provided by the agreement of the 19th of February, 1925, payable to the North Fork, if you allow me to use that expression.

20 Q. Then there was a subsequent agreement of the 12th of July, 1929, which provided for a further allotment if the agreements were carried out, provided for a further allotment?—A. Yes, and the allotment was made then, because the properties had been properly audited during the previous ten days, and the receipt is acknowledged in the agreement. That provided for the issue of a large number of shares in addition to the 3,370,000, and provided definitely for the issue of and ear-marked 461,100 for the specific purpose of the Yukon Consolidated. That used up the six million capital authorized.

Q. I think you told my friend that the certificate here under discussion for 1,663,000 odd shares is a portion of the 1,800,000 shares to which you are referring?—A. It is the biggest part of the 1,788,900,

30 Q. We had some discussion about a smaller certificate for 116,100 shares.—A. Yes.

Q. It appeared from the share record that that certificate for 116,100 shares was part of a previous certificate for 225,000 shares?—A. Yes.

Q. Do you agree with that?—A. Yes.

Q. So that 225,000 shares was part of the original 1,250,000 shares?—A. Also part of the 2,191,600 shares issued on the 10th of June, 1925, in satisfaction of the allotment of 29th May, 1925, under the agreement of the 19th of February, 1925.

40 Q. I want to go over that a little more slowly, as I did not get that. Have you before you Exhibit 33, which is the agreement between the North Fork and the Yukon providing for the allotment and issue to the vendor company, North Fork of the 3,325,000 shares?—A. Yes.

Q. I want to get at the 2,190,000 you speak of.—A. Yes.

Q. Tell me what followed after the agreement which led to the issue of the 2,191,000 shares?—A. Assignments were obtained in England after my return to England in March of that year, assignments by Mr. Patton and assignments by Mr. Lawrence Harrison. These assignments were

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

sent to Chrysler & Chrysler for the North Fork Power Company by Mr. Smallman and duly acknowledged, as can be seen in the record, and in turn vested in the North Fork and in turn during May of that year assigned to the Yukon Consolidated, and acknowledged as such on the 29th of May, 1925, at the Directors meeting, when the directors under the instruction also of the North Fork Power Company acknowledged receipt of the assignments and allotted the 2,191,600 ordinary shares and 286,000 preferred shares in satisfaction of that allotment. The share certificates were duly issued on the 11th of June immediately thereafter.

Q. The 11th of June, 1925?—A. Yes. 10

Q. So the two million odd was composed of—first, just tell me how the two million odd was made up?—A. Do you mean the two million one hundred and ninety-one thousand six hundred?

Q. Yes?—A. Responding to the allocation opposite, attributed to and placed opposite parcel 4 in the agreement of 11th February, 1925, the amount called for in the two columns therein is the amount that was allotted, and the amount that was issued immediately following.

Q. You are referring now to the schedule attached to the agreement of Exhibit 32?—A. The amount opposite parcel on page 3 of the schedule which limited Yukon's responsibility in respect to each conveyance; nothing 20 to do with price, the price was the total.

Q. This agreement 37, dated 12th July, 1929, provides for the allotment and issue to the North Fork, of 1,788,900 ordinary shares?—A. Yes.

Q. What was done in pursuance of this agreement by which these shares were to be allotted and issued?—A. On the 19th of July, a few days after that date there were issued 125,000 shares of Yukon ordinary shares in part satisfaction of that agreement. On the 8th of May, 1930, there were issued 1,663,900 shares in completion of the purchase price as paid and allotted by that agreement.

Q. That is represented by the certificate which we have here, 0369?— 30
A. Yes.

Q. That is the complete story with regard to the agreement under which the allotments were issued, the agreement of the 19th February, 1925; that is three and one-quarter millions of common and half a million preferred. The agreement of the 12th of July, 1929, as to 1,788,900 and the subsequent agreement of the 16th July, 1929, Exhibit 42, provided for the issue of two million shares which were not in fact issued?—A. Yes.

Q. Now you were asked by my friend, and again I think his Lordship put the question too, and I want you to deal with it now, tell me this, you had spent a long time in connection with this consolidation I take it?—A. Yes. 40

Q. How many years?—A. I think it is fair to say the whole time during the winter of 1898–1899, no other business, just consolidation.

Q. You were up in the Yukon in the first rush?—A. Not the very first. I did not go until May, 1898.

Q. When did you first plan or become interested in any of the properties which eventually came into the consolidation?—A. In 1899, or late in 1898.

Mr. ROBERTSON : This didn't come into my cross-examination.

Mr. MASON : I am not going to pursue it.

Q. How were you going to get paid for the time and trouble that you had given to this consolidation ?

Mr. ROBERTSON : That does not arise out of the cross-examination.

His LORDSHIP : I am going to allow him to answer.

WITNESS : For my cash over £600,000 and for the whole of the ordinary share capital of the Granville Mine Company I proposed to be reimbursed by this consolidation, I proposed to take reimbursement for the recovery
10 of my loss, in shares.

Q. What shares did you look to to reimburse you in that way ?

Mr. ROBERTSON : Is this a proper subject for re-examination for anything I asked ? I carefully kept away from this kind of thing. There is plenty of it.

Mr. MASON : My friend asked the witness a very specific question by virtue of the transfer to Mr. Worsdale he had denuded himself of any interest in the organization and thereby deprived himself of the award for his labour. Your Lordship put a similar question later.

Mr. ROBERTSON : I am quite sure I did not ask any question such as
20 my friend has put to him. I did ask the witness if the witness had parted with shares that he was getting out of this transaction, but I was very far from asking this witness whether it was profit or remuneration or what he called it. This is decidedly a more complicated picture than has been disclosed. This is a question of compensation and is dealt with in the judgment separately.

Mr. MASON : I am not going to deal with compensation at all.

Mr. ROBERTSON : My friend is dealing with remuneration.

Mr. MASON : I will put it another way, my Lord.

Q. As I understand you, or understood my friend to suggest to you,
30 that by reason of making this transfer to Mr. Worsdale, you had deprived yourself of any substantial interest in the company because of the large number of shares transferred ?—A. That is not my view.

Q. What is your view ? I have to depend on what I showed you ?—A. I have to depend on any duly ratified agreement thereby for a considerable number of shares which when issued would amount to 25 per cent. of the total issued capital. I was looking for my remuneration to shares, and it was always to the Board at Ottawa. I came in on the agreement, and I did not come at any rate to any notion except on the agreement.

Q. What do you mean "on the agreement" ?—A. Both the 1925
40 and the 1929 agreements. The share record is the best proof that nothing stuck in my pocket from the 1925 agreement, nothing also stuck in my pocket from the other agreement. I have never sold one share of Yukon Consolidated for my own benefit from start to finish.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

His LORDSHIP : Will you carry it a little further ? Out of this further two million you expected to be awarded or compensated. How was the two million to be issued under the supplementary letters patent ? How was he to obtain any part of two million ?

Mr. MASON : Exhibit 42 provides that that stock was all to be issued to North Fork, and he was North Fork. It was another name for him.

WITNESS : We could only obtain it with the shareholders' consent.

His LORDSHIP : There were not very many shareholders in the North Fork ?—A. I meant with the Yukon, my lord.

Mr. MASON : When you say you were going to have 25 per cent. held by you, if you had 2 increased by 6 that would be 8, of which you would have two million ?—A. I would hold the large part of the two million, but not all by any means. The other people would be looking for some of that, as I said yesterday. 10

Mr. MASON : I should have said before my friend sat down that I objected to certain exhibits going in, these being affidavits; Exhibits 18 to 22. My friend undertook that he would indicate in what way they were relevant at some future stage. My friend has not examined about any up to 17 and 22, and that leaves me in the position where we have three affidavits and no reference. 20

Mr. ROBERTSON : One is an affidavit on production, and No. 18 was referred to more than once, and No. 19 I referred to this morning.

Mr. MASON : My friend put it in this morning. I do not want to embarrass my friend, but I would like to know for what purpose he puts it in so I can re-examine.

Mr. ROBERTSON : They were not all for the same purpose. I do not think I am under any obligation to tell my friend what my point is.

Mr. MASON : My friend undertook to connect it. I think my friend should withdraw them and indicate how they are relevant.

His LORDSHIP : He proposed to connect them up. 30

Mr. ROBERTSON : What I say in this which is relevant is that a statement was made by the witness in the affidavit as to what Harrison said.

Mr. MASON : I shall have to read the affidavit.

Mr. ROBERTSON : The next is an affidavit on production, and the next one I think I referred to two paragraphs of it. This is one that was used, I think, before Mr. Justice Fisher. I do not know that I did refer to No. 21, but 22 I did read two paragraphs from it. I read paragraph 15, I know, but 21 I do not recall reading from it.

Mr. MASON : Q. I next want to ask you about the prospectus to which my friend referred, which is Exhibit 30. Are you familiar with this without looking over it from your previous experience in this case ?—A. I think he showed me the signed one. This is a copy. I have no doubt it is all right. 40

Q. Referring to the original, you have identified for my friend various signatures, as the signatures of Treadgold, Watson, Larmonth and P. H. Chrysler ?—*A.* Yes.

Q. Who prepared the prospectus ?—*A.* The first draft, if you can call it so, was prepared by Mr. Hughson at Ottawa on the 8th of February, I think, 1925. You will see there defects in the document yourself if you examine it. You will see it was prepared for signature by two directors, and then apparently it was changed, and it is finally signed by five directors. I think there is no doubt it was filed on 19th February, 1925. It is a peculiar document in more ways than two. It looks as if it was written for the Canadian Companies Act as well as the English. I remember we were entirely prevented from taking the ordinary course in Canada, by reason of not having put up any of our capital in cash, and we were stuck for some considerable time because the lawyers involved found we had no cash construction of any kind, and they informed me it was necessary to pay a tenth in cash before we could get doing business, as we were only exchanging shares. This document, Exhibit 30 has a column for setting out the dates and the parties to every contract. It sets out the contract between the Yukon Company and the North Fork dated February 19th, 1925.

Q. Then under the place at which the contract or copies may be inspected is mentioned the office of Chrysler & Chrysler who were the solicitors for the Company.

Q. I see at the foot of the first page of the document it says "The consideration for the intended issue of those shares—Sale to the company of" and then is set out a large number of items, debentures, debenture stock, income notes and so forth. What I want to know is if a person intending to deal with the Company had examined the prospectus would the information disclosed by this prospectus cover all the information that was then available to the company in respect to the matter covered by the prospectus ?

Mr. ROBERTSON : I submit it is not a good question for the witness to answer.

His LORDSHIP : I suppose all the information they got was from this witness.

Mr. MASON : Available to Mr. Treadgold or the company.

WITNESS : It accurately describes the properties to be conveyed and what they are to be conveyed for, nobody could possibly be deceived.

Q. Were these gentlemen who were associated with you in this prospectus familiar with the dealings between the Yukon and yourself up to that point ?

Mr. ROBERTSON : These questions are exceedingly leading.

Mr. MASON : *Q.* I am asking you a question whether or not these persons associated with you in the signing of this prospectus were familiar at the time of the signing of the prospectus with your dealings with the company ?—*A.* Thoroughly, every document.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*
—
Plaintiff's
Evidence.
—
No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

Q. There were three of these gentlemen lawyers?—*A.* Yes.

Q. F. H. Chrysler was a lawyer?—*A.* Three lawyers and one chartered accountant.

Q. Mr. Larmonth was a partner of Chrysler & Chrysler?—*A.* Not then, independent.

Q. Did anyone in the firm of Chrysler & Chrysler, solicitors for the firm at that time, advise you or notify you in any way that this prospectus was not correct?—*A.* Certainly not, they would not have signed it themselves.

Q. My friend has been asking you, Mr. Treadgold, about the financial 10 position of the Company, with regard to certain documents which he has put in. Did the Company issue annual statements from year to year?—*A.* It got an annual statement out ready for this shareholders' meeting.

Q. What was the business year of the company?—*A.* We always expected the year to terminate for the purpose of the Company in April, which was a most inconvenient date, because any of us who were in the Klondike could not attend then. We generally held them in the late fall.

Q. I see your balance sheets were made as of the end of the year?—*A.* Yes, they always went up to the 31st December of any year.

Q. Is this a balance sheet of the Yukon Company for the year ending 20 31st December, 1929?—*A.* That is the one that was signed. I think so. It was a Board meeting, and I think that was a date later than that.

Q. This statement is dated at Ottawa, 25th June, 1930, and bears the Auditor's return, James F. Cunningham, that he has audited the balance sheet of the Company, with the books of account of the Company, and the balance sheet as drawn up exhibits a true and correct state of the company's affairs.

EXHIBIT No. 43 : Filed by Mr. Mason : Balance sheet of Yukon Co. ending 31st December, 1929.

Q. If your Lordship will follow the examination at this point : The 30 assets are set out :

Properties and Investments—		
At Cost		\$5,709,704.51
Accounts Receivable—		
Including balance due from		
Subsidiary companies		197,750.99
Organization Expenses—		
Including cost of administration		49,354.65
Cash at Bank and in Hand —		
At Ottawa	\$557.35	
At Dawson	2,124.05	
		<hr/>
		2,681.40
		<hr/>

40

On the opposite side, set out :

Capital and Liabilities :

Capital Stock—		
Common	\$5,038,900.00	
Preferred	500,000.00	
	<hr/>	\$5,538,900.00
Accounts payable		
Including balances of subsidiary		
companies		379,524.34
Bank loan		25,000.00
Revenue Account—		
Balance at credit		16,067.21
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*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 9.

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

Mr. ROBERTSON : I am objecting to my friend putting in a document and proceeding in re-examination to illustrate in the way he is doing; my friend is really treating this as examination in chief or cross-examination. This is certainly not re-examination. I put in a circular written by the witness and asked him as to the statement in that. I didn't object to my friend putting in the financial statement.

20 His LORDSHIP : Wasn't he impeaching the company in many ways, the financial standing of the company? Weren't you doing that as well?

Mr. ROBERTSON : I was doing the very opposite.

His LORDSHIP : Impeaching the statements that were put in.

Mr. ROBERTSON : I put in two circulars both dated the 26th of August, I asked the witness if the statements contained in them, reading them through item after item, I asked him whether they were fair statements, but stopped there. I was very far from trying to establish at that time that the statements contained in the letters were not true. I wanted to show they were true. But that I want to show at that time the shares
30 were valueless is not correct. Now, my friend produces a financial statement, and not content with producing the statement he proceeds to examine the witness on that. That is not re-examination. If my friend wants to take the circular and go into any of the questions that I asked, well and good, but to introduce a new document and start to ask questions about that is not re-examination on my cross-examination.

Mr. MASON : I got in the certificate, and my friend seeks to impeach the transfer among other grounds, on the ground, as he discloses in his examination of this witness that the shares were valuable shares at the time on account of the financial position of the company, and to reinforce that
40 he gets two documents identified by the witness on cross-examination. I have the document in of Mr. Treadgold, the document that my friend thinks is necessary to the question raised that the Company was in a good financial standing at the time.

Mr. ROBERTSON : The very thing I am objecting to is my friend is not content to show something from the Company records, but my friend

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

proceeds to ask the witness about another statement now introduced by him, and that is not re-examination.

Mr. MASON : I point out to your Lordship that the item "Accounts Payable" is \$379,524.34, and I want to ask Mr. Treadgold what were these accounts, and the condition at that time as to being present at the meeting or otherwise.

Mr. ROBERTSON : That gives a good illustration of why it is interpreted in the letter which I got the witness to identify, was almost the day before the transaction. He said the debts had been reduced to £20,000. It would be most misleading, and it would be unfair for my friend to start with the sort of thing he is now suggesting. The only evidence that is in I asked about, and that is on cross-examination, and that indicated the debts had been reduced to £20,000. 10

Mr. MASON : I am only seeking to show, first by the balance sheet, what the state was on the 31st December, 1929, and want to ask the witness as to the accounts outstanding when the transfer was put through.

His LORDSHIP : Ask him.

Mr. MASON : *Q.* Mr. Treadgold, I want you to tell me as best you can from your recollection as to what accounts were payable by the Company on or about August 27th, 1930. ?—*A.* These, are you taking from an exhibit, that I have in my hand? 20

Q. I do not care whether you use the exhibit or not. This brings us up to the end of 1929 ?—*A.* Yes.

Q. I want you to tell the Court as far as you can what accounts payable were outstanding against the company on or about the time when you went to England in August, 1930 ?—*A.* That particular time, accounts payable—

Q. Do not speak of that accounts payable. Tell me what accounts were payable as you recollect ?—*A.* What I call the personal accounts amounted to not less than £20,000, no more than \$30,000. If you said the minimum £20,000 and depending upon varying something about £20,000; you might reduce £30,000. But that is the amount of liabilities. That did not cover liabilities to the subsidiary companies, or some of the subsidiary companies which the Yukon had, but these we had without paying cash money to do it.

Q. Can you recall which of these creditors, or any of these personal creditors particularly, who were large creditors, who were pressing ?—*A.* Hatfields of Sheffield were pressing for I think about £11,000. Mr. Blundell, solicitor, was pressing for a repayment of £2,000. Chryslers themselves were threatening extremities of pressure in respect of their bill which I think amounted to about \$27,000. There were three writs over this. 40

Q. Writs had actually been issued ?—*A.* For all of them. The writs were dated in May,—May and June of that summer, three writs.

Q. Did the Yukon Company ever pay any dividends, to your knowledge ?—*A.* No, no dividends.

Q. It was first incorporated in what year?—*A.* On the 14th April, 1923, organized in the sense of having incorporated members of the Board taken out and three from England put in.

Q. My friend asked you some questions about business being highly profitable, and you said something about subsidiary companies. I did not understand your reference. ?—*A.* The operations were not weak operations. The Yukon is a holding company. The operations of three of the holding companies were very profitable, on the average. Is the question of the subsidiary companies that puzzles you? Do you wish me to name those?

10 His LORDSHIP: These subsidiary companies were supposed to be brought into the Yukon Company and were under the management of the Yukon Company?

Mr. MASON: I will proceed with that further. Tell us about these three companies, the Dominion Mining Company, the Big Greek Mining Company and the Burrell and Baird Limited. Was the company conducting any operations outside of these three?—*A.* I suppose it could be said to be operating the New Northwest Corporation, as it was working a power plant and the Yukon also controlled the New Northwest Corporation.

20 *Q.* Was the Yukon Company purely an operating company or a holding company?—*A.* It was after a date in July, 1929, I think it wished to figure as an operating company, but it had not the ownership of the whole of the securities of the controlled companies.

His LORDSHIP: Something was said last night, if I remember correctly, of there being some trouble arising in Ottawa, and the witness' associates on the Board were objecting to the issuing of certain stock by reason of the fact that certain securities were not turned over which were held by the subsidiary companies. When was the transfer of securities of the companies made to the Yukon finally, do you know that?—*A.* Yes.

Q. When?—*A.* The trouble to which you refer—

30 *Q.* It was not the trouble I referred to, it was the trouble you referred to.—*A.* The delay in delivering certain controlled stock of the controlled company, that was in May, 1930, and cleaned up in May by delivery in 1930.

Mr. ROBERTSON: I read something to you from the Minutes about that. The Minute was on April 5th.

His LORDSHIP: It was the same year you went to England?—*A.* On August 4th I went to England and back home.

Q. It was August of that year you wrote to Gordon Taylor, or was it the following year?—*A.* The letter that has been shown me was later.

40 *Q.* When you left for England in 1930 everything had been turned over?—*A.* Yes.

Q. By the subsidiary company?—*A.* Yes. There was no suggestion—

Q. Had been handed to the Consolidated Company?—*A.* Yes.

Q. And the contracts and the outstanding agreements between the subsidiary companies and the Consolidated Company, or others acting

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

—
No. 9.

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

for them, had been fulfilled?—*A.* There were no contracts with the Yukon and subsidiaries.

Q. The intermediary companies there was, with the Power Company, the North Fork and the other companies.—*A.* The controlled stocks of the subsidiary companies were not handed over to the Yukon because the Yukon owned them. They were handed over to a Committee, and the trouble was over the Committee.

Q. When they were sent on to Ottawa the Board was satisfied because they had the majority in their custody then?—*A.* Not their ownership.

Q. When did they pass into their ownership?—*A.* They have not completely passed yet. They are passing so far as I know. They had to be purchased before they could be owned. 10

Mr. MASON : I would like his Lordship to have that fully.

His LORDSHIP : I am a little hazy about the situation.

Mr. MASON : Perhaps I could go on with something else.

WITNESS : You are talking about a date I remember, and that date is the May of 1930. Many things have been done since.

Mr. MASON : I was talking when we discussed that subject, when we commenced the last subject of your talk about the operations of these companies, and you told me that three of these subsidiary companies were 20 working at a profit?—*A.* Yes.

Q. And you named the three companies?—*A.* Yes.

Q. And what about the actual making of any profit by the holding corporation as a result of the operations of the holding company or of the subsidiary?—*A.* I think that was in expectation more than fulfilment. I cannot point you to any controlled profit of Yukon Consolidated.

Q. You told my friend you had an interruption of your affairs by reason of some action taken by Chrysler & Chrysler either on the last day of September, 1932, or near the last day, or the first and second days of October?—*A.* Yes. 30

Q. You were stopped by that, I do not know what you mean.—*A.* The two Chryslers proceeded then to collect their bill of costs from the result of a request for the subsidiary companies to pay taxes and by directing interference at Dawson with the accountant at Dawson whose business it was to realize the gold. He was directed by them to pay this account for \$27,000.

Q. That is the account you have been speaking of?—*A.* Yes.

Mr. ROBERTSON : I suppose the witness is talking of something he has knowledge of?—*A.* I have knowledge of it, it is a matter of record.

Mr. MASON : *Q.* You say they were trying to collect their account 40 for \$27,000 against the Yukon Company?—*A.* Against the Yukon Consolidated and the New North West Corporation.

Q. What did they do in endeavoring to collect that amount?—*A.* They instructed the accountant at Dawson to collect what was called profits from the field operations and pay out only to the admitted creditors money,

among whom they reckoned themselves, and I think certainly Hadfields, and I think certainly not Blundell who had not got a judgment, but Hadfields got judgment I think on the 11th August, 1930.

Q. How did that affect you in your plans?—*A.* It made it impossible to use the security of any Klondike Company, either the Yukon or any producing company. They called the account a sort of receiver.

His LORDSHIP: I suppose as a matter of fact at that time there were judgments against the Company, were there not?—*A.* Chryslers had a writ out on which I think they entered judgment after I sailed on the 13th of August. Hadfields got judgment on the 11th of August at Ottawa.

Mr. MASON: These judgment debtors very shortly after became execution creditors, it became necessary to look after the payments of the judgment?—*A.* Yes.

Q. Do you know whether Chrysler & Chrysler got payment of their bill as a result of the proceedings?—*A.* There is no doubt their writ was paid up by a date in November that year, with money sent to F. H. Chrysler in trust by the Dawson accountant.

His LORDSHIP: I have no doubt whatever, when you are speaking of that, the accountant sent the money to the Chrysler Company when paying the accounts of the execution creditors.—*A.* They call them admitted creditors. They had not obtained execution of any kind. They threatened.

Mr. MASON: The only point I am seeking is, I am trying to get at the circumstances as to what caused the break in the plans of the witness in the transactions, and I have reference to the witness making a statement yesterday that was not in an answer to anything.

Q. You told my friend that Mr. Watson was ill, and I think you told him the date upon which the illness commenced.—*A.* I think April 24th, 1930.

Q. You also told my friend that some of the directors arranged, owing to his illness, that Mr. Larmonth should act as secretary?—*A.* Yes.

Mr. ROBERTSON: That is not what the witness said.

Mr. MASON: *Q.* What took place, if anything, with reference to the sickness of Mr. Watson with regard to having anyone act in his place?—*A.* We felt the need of having an acting Secretary-Treasurer.

Q. What was done?—*A.* Directed Mr. Larmonth to carry on.

Q. There is a minute of the company on the 14th of May, 1930. Did you tell my friend there had been prior to that time two certificates issued, as you thought, and there had also been a discussion before 14th of May, 1930, by the directors, owing to the illness of Mr. Watson?—*A.* So far as I know Mr. Larmonth was acting before the meeting of the 8th of May.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

Q. I want to know what your knowledge is.—*A.* We had requested Mr. Larmonth to act, whether we had formally appointed him I would not dare say in the face of the minute of the 8th of May or the 14th, if that is the date when he was appointed by Minute, but he was certainly acting.

Q. Was he or was he not acting in fact ?—*A.* There was no question of who should—

Q. You mentioned the fact that you thought he had signed two certificates in that capacity before this certificate was issued ?—*A.* I mentioned two certificates as put to him for him to sign, two certificates from two American holders, both small. I can remember two certificates. 10

Q. I thought they were certificates that had been issued.—*A.* No, they were asked for issue. I sent them to Mr. Larmonth, to whom I took them myself.

Q. You never had them after that ?—*A.* No.

(Court adjourned until 10.30 a.m., October 31st, 1935.)

Morning Session, October 31st, 1935, 10.30 a.m.

RE-EXAMINATION by Mr. MASON (*resumed*):

Q. I want you to read this letter, Exhibit 24, from the Yukon Company to you, dated 7th April, 1930. I want to base some question on it.—*A.* Yes. 20

Q. In this letter the writer is J.B.W., that would be whom, Mr. Watson ?
—*A.* Yes, J. B. Watson.

Q. It says " I have your letter in reply to the message sent you in reply to your request for shares of the Company. The difficulty has arisen owing to the fact :

" That the Board did not consider that delivery had been made in connection with the delivery of July last.

" And that the particulars required for completion of the balance sheet of the amounts charged against you by the different companies at Dawson had not been furnished to the Directors. 30

" And they felt that since your return no progress had been made towards consolidation."

Mr. MASON : My lord, I will ask permission to have copied and put in and file the Minute of this meeting of directors of the defendant company on the 5th April, 1930. It is page 131 of the Minutes.

EXHIBIT No. 44 : Filed by Mr. Mason : Copy of Minutes of Meeting of Directors of Yukon, 5 April, 1930.

Mr. MASON : There are mentioned as being present, my lord, F. H. Chrysler, in the Chair, J. B. Watson, N. G. Larmonth and P. H. Chrysler.

“ The Secretary read to the meeting a telegram from Mr. A. N. C. Treadgold reading as follows :

*In the
Supreme
Court of
Ontario.*

“ ‘ New York, N.Y., April 5th 1930.

‘ J. B. Watson,
Blackburn Building,
Sparks Street,
Ottawa.

Plaintiff's
Evidence.

No. 9.

Can you send express letter today ten ordinary certificates hundred shares each and eight ditto five hundred each,

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

10

A. N. C. Treadgold.’

Having considered the request in the foregoing telegram and the present position of the company the following resolution was moved, seconded and unanimously adopted :

“ That the Secretary be and he is hereby authorized to reply to Mr. Treadgold as follows :

‘ Meeting of Directors today unanimously resolved that no further shares of the Company be issued until completion of deliveries and titles under agreement ’.”

20 Q. This is certificate No. 0369, Exhibit 1 in this action, and is signed by Mr. F. H. Chrysler and Norman Larmonth?—A. Yes.

Q. Is that in the lower left the seal of the defendant company?—A. Yes.

Q. I want to ask you this question, Why did Mr. Chrysler and Mr. Larmonth sign certificate No. 1 on May 8th, 1930, for these shares when they were directors at the meeting of April 5th, 1930, the minutes of which I have indicated to his Lordship?

Mr. ROBERTSON : I do not think that question should be put that way ; does he know if anybody signed anything ?

His LORDSHIP : He may know.

30 Mr. ROBERTSON : The witness said to me in cross-examination it wasn't he who got the certificate, it was Mr. Weinheim who got the certificate. I was intending to ask something along the line, but he said he did not get the certificate.

His LORDSHIP : The question was, why was it issued having regard to the minutes of the meeting.

Mr. MASON : My question was a little more close. I am asking the witness, so far as he can tell us, why Mr. Chrysler and Mr. Larmonth the signatories signed it having regard to the fact they were at the meeting of April 5th when this condition was put on.

40 Mr. ROBERTSON : If my friend wants to know, there was some changes in certificates.

Mr. MASON : Q. Did anything happen after the meeting of April 5th, 1930, and the letter you have before you of April 7th, 1930, that led Mr. Chrysler and Mr. Larmonth to sign the certificate on May 15th?—A. Yes.

*In the
Supreme
Court of
Ontario.*
—
Plaintiff's
Evidence.
—
No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr
Mason—
continued.

Q. What?—*A.* The Board at Ottawa thought actually they received delivery of the securities sold to Yukon by the North Fork on the 12th of July, 1929, and they had not received delivery of the controlled stock in each of the controlled companies, from our Dawson office, where it was kept since I think 1915, and they demanded to have complete control, which they thought they got in 1929. They demanded to have that control sitting at Ottawa, by having possession at Ottawa of the controlled stock of each of the controlled companies. I thought that was reasonable, and I proceeded to give effect to it, and they were completely satisfied. They duly received the limits—I call them limits—of controlled stock of the controlled company. If you wish further detail of the limits it is easy to obtain. 10

Q. You say all the directors had asked for, you furnished?—*A.* Yes. It was an inspection by me as President and Manager then of the Dawson office, and Mr. Baird of the Dawson office duly responded to it and sent the certificates, which duly arrived at Chrysler & Chrysler's, and it happened they sent me to New York their acknowledgement, which they received in May.

Q. Following that, you got the certificate on May 8th, coming from whom?—*A.* Pardon? 20

Q. The certificate following that was issued to you on May 8th, 1930?—*A.* I believe the certificate was issued actually before. As soon as they were conversant with Mr. Baird's response I think they issued the certificate on the 8th.

Mr. ROBERTSON: I submit that is not evidence, statements of that kind should not be made.

Mr. MASON: There is an exhibit put in by my friend, Exhibit 18, an affidavit of the witness dated 10th January, 1931. I want to complete this exhibit, because paragraph 3 of the affidavit relates to certain minutes of the company which are not attached to the affidavit. Paragraph 3 30 reads:

“The whole of the capital stock, including ordinary and preferred shares was appropriated by the directors under and as provided for in certain agreements dated respectively the 19th day of February 1925 and the 12th of July 1929 between the North Fork Power Company Limited and the Yukon Consolidated Gold Corporation Limited, and pursuant further to the order of the directors as contained in the Minutes of their meeting held on the 19th day of February 1925, (see page 6 of the second volume of Company meetings)---” 40

Mr. ROBERTSON: I do not think my friend has authority to read that. I am not arguing the law. I put in two or three of the minutes, and I do not think I would be permitted to read parts and then my friend entitled to cross-examine.

Mr. MASON: Surely, my lord, will you say he can put in an affidavit and read two parts and not the other?

Mr. ROBERTSON : Not if they relate to the same thing.

His LORDSHIP : I will allow it in.

Mr. MASON : I would ask my friend for the minutes of the 19th of February.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

EXHIBIT No. 45 : Filed by Mr. Mason : Copy of Minutes of Meeting of Directors of Yukon, Feb. 19, 1925, on pages 6 and 7 of Vol. 2 of Minutes.

No. 9.

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

Mr. MASON : As a matter of fact, Mr. Robertson, the Minutes of the Meeting of Directors is the meeting of February 19th, 1925 :

10 “ The Secretary laid before the meeting a draft of an agreement between the Corporation and the North Fork Power Company, Limited, prepared by the Corporation's solicitors for the purpose of giving effect to the proposed transaction.

“ After discussion, the following resolution was proposed, seconded and carried unanimously :—

‘ WHEREAS The North Fork Power Company, Limited, has offered to sell to the Corporation certain securities and properties for a certain consideration the whole as fully explained by the President.

20 ‘ NOW THEREFORE BE IT RESOLVED—

‘ That the Corporation do purchase and acquire from the North Fork Power Company Limited the said securities and properties above described.

‘ That the draft agreement now submitted to the meeting, expressed to be made between the Corporation and the North Fork Power Company, Limited, be and the same is hereby approved, and submitted forthwith to a general meeting of the shareholders for approval.’ ”

30 Mr. MASON : May I have page 117 of the first volume, on page 3, which relates to the ratification of the shareholders' meeting? I ask leave to put in as Exhibit 46, copy of page 117, which is a portion of the Minutes of meeting of Shareholders, held at Ottawa, February 19th, 1925, the same date.

EXHIBIT No. 46 : Filed by Mr. Mason : Copy of Minutes of Meeting of shareholders of Yukon of Feb. 19, 1925, page 117 of 1st Vol.

Mr. MASON : (*Reading*) :—

40 “ The agreement between the North Fork Power Company, Limited, and the Yukon Consolidated Gold Corporation, Limited, dated the nineteenth day of February, 1925, providing for the acquisition of certain properties and securities held by the former company for the consideration mentioned in the same agreement

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

was read to the meeting and it was resolved that the said agreement be and the same is hereby approved and confirmed, and the officers of the company are hereby authorized and empowered to execute the same agreement and to do all acts necessary to carry the said agreement into operation.

“ It was further directed that a copy of the said agreement be recorded at length in the minutes of this meeting.

“ It was moved by Mr. N. G. Larmonth, and seconded by Mr. F. H. Chrysler, and resolved that all notices of all meetings of directors and of shareholders be waived, and that all acts and 10 proceedings of the directors of this company be ratified and confirmed and that the minutes of the meetings of the shareholders be and the same are hereby ratified, approved and confirmed.

“ The meeting then adjourned.”

Mr. ROBERTSON : I submit it would be proper to put in who were present.

Mr. MASON : Page 115 indicates the shareholders present were all the shareholders, meaning Treadgold, Larmonth, Watson and the two Chryslers.

Next, my Lord, I ask to put in as Exhibit 47 page 106. These are the Minutes of a Meeting of a Board of Directors held at Ottawa on the 12th of 20 July, 1929, and the same five persons were present whom I mentioned a few moments ago.

“ All of the directors voted in favour of the foregoing resolution with the exception of Mr. A. N. C. Treadgold, who did not vote.”

The agreement referred to I think my friend will agree is at page 99 of the Minutes and is an agreement between the North Fork Power Company and the Yukon Company dated the 12th July, 1929.

The affidavit refers to the last portion of the Minutes.

EXHIBIT No. 47 : Filed by Mr. Mason : Copy of Minutes of Meeting of Directors of Yukon, of July 12, 1929, page 106, Vol. 2. 30

Mr. MASON : What I just read was a ratification of a meeting on the 31st of December, 1929, and reference is made to page 157 of the first volume. That is the annual meeting of the shareholders of the 31st December ;

“ The following resolution was moved, seconded and adopted :

BE IT RESOLVED that all acts, contracts, leases, deeds, bylaws or amendment to, or repeal thereof, proceedings, elections, appointments, and payments of money by the Board of Directors or by the officers of the Company since the adjourned annual meeting of shareholders held on the 15th day of December, 40 1927, and up to and including the 31st day of December, 1929, be and the same are hereby ratified and confirmed. ”

EXHIBIT No. 48: Filed by Mr. Mason: Copy of Minutes of Annual Meeting of shareholders of Yukon, page 157, Vol. 1, Dec. 31, 1929.

Mr. MASON: In paragraph 5 of this affidavit, dated the 2nd day of January, 1931, you say:—

“ I hold in my name 15,000 preferred shares and 2,070,000 ordinary shares.”

Did that include the certificate in question here?—A. That was assuming that the Belcourt certificate for 60,000 shares, as I thought it did. I thought it was transferred, but I was wrong.

Q. Was that a true statement of a fact at this time that these shares were in your name on the register of the Company?—A. Yes.

Q. Something was said yesterday when Exhibit 19 was being discussed that I did not get quite clearly. My friend put in an affidavit of yours dated 13th March, in which you stated that Lawrence Harrison claimed to be entitled to a million ordinary shares of the Yukon Company—

Mr. ROBERTSON: Note my same objection that any paragraph I examined on—

Mr. MASON: My friend did examine on the Harrison shares. I do not agree that they were as much as was suggested.

Q. Did you say yesterday or at any time in the witness box Mr. Harrison was entitled to a million shares of the Yukon Company?—A. I never did.

Q. My friend asked yesterday whether you had gone into bankruptcy and were discharged, and you said Yes, you gave the date 1920.—A. Yes.

Q. Where was the bankruptcy?—A. England.

Q. Where were you ever declared bankrupt? Were you ever declared bankrupt in Canada?—A. No.

Q. I see in Exhibit 21 there is a reference in your affidavit of that date, which is 17th December, 1931, to an injunction having been obtained to prevent you from dealing with some 2,069,997 shares of the Company?—A. Yes.

Q. On the share register were you entitled at that time to approximately that amount of shares? Were you registered on the share register for that number of shares approximately at that time?—A. That again is slightly confused by the explanation of what we always called Belcourt, for \$60,000. There was a doubt as to whether you should subtract or add them to mine. I think Mr. Troop had a certificate that time in his keeping for transfer for some purpose.

Q. There is a letter put in, a letter from you to Mr. Emil Weinheim, dated August 13th, 1930, in which you say:

“ I will cover you up to 200,000 shares of Northern Power and Mines Corpn. with 200,000 shares of Yukon Consolidated provided you advise me before any definite act of any kind is taken.”

A. I would like to explain what that is. Some gentleman in New York acknowledged the money that Sir Harold Moore—

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

Mr. ROBERTSON: That does not arise out of my cross-examination.

Mr. MASON: With courtesy to my friend I would like to know what his objection is based on. My friend put in the letter.

Mr. ROBERTSON: I never asked a question.

Mr. MASON: I do not know what the letter means apart from explanation.

Q. Probably you are used to this term "We will cover you" for so much, witness.—A. He incorporated a company called The Northern Power and Mines Corporation in the States and we were prepared to use it and to have as its underwriting security some shares of Yukon Consolidated. 10 They proposed to sell their own shares of Northern Power and Mines Corporation, and they got my undertaking to cover or protect their sales with sales of Yukon Consolidated, which they were to obtain from me.

Q. Your explanation is about as intelligible as the letter.—A. If I know that you are going to sell shares of Northern Power and Mines and I undertake to cover you in your sale with shares of Yukon I expect you to require me, if you require me at all, to put me into a position to try and sell the Yukon shares if possible to him. You have acquiesced before and conformed to my terms and paid me the proceeds.

Q. Where were you going to get 200,000 shares?—A. Well I had 20 plenty of free shares at that date. I could call on my friends to make up the total, could call on Sir Harold Moore himself.

Q. Was it a participation in the Northern Power scheme?—A. Yes, there was money put in by my friend. These exhibits were put in, and with my friends I am trying to keep the company in some order where business can be carried on.

Q. On the 7th of October, 1931, Exhibit 23, is a letter that is put in which you wrote to the Shareholders' Committee, apparently?—A. No, I did not write that to the Shareholders' Committee. It is addressed to them. I entrusted that letter to Major Cunynghame to see the two members of the 30 Shareholders' Committee. It never was a Committee document, never intended to be. The three of the Committee knew nothing about it. One of them it seems never had a chance to verify the fact, apparently one of them used it at an interview.

Q. Was the Shareholders' Committee on when you used it?—A. I do not know.

Q. It was never permitted by you to be sent to the Shareholders' Committee?—A. Certainly not.

His LORDSHIP: Do you say this was not addressed by you to the Shareholders' Committee?—A. I would not swear that. I do not remember 40 addressing it. That was an explaining letter for one member who was proceeding on that data to endeavour to initiate peace. It was given to him for his guidance, not for his use in any official way in the negotiations which had been suggested to him and which had my approval.

Mr. ROBERTSON: Your Lordship will remember the question I asked him, Was it true? And he said it was.

Mr. MASON: I am not very much concerned as far as the purpose of this litigation goes the letter can be used. I am merely concerned with the subject matter at the moment.

WITNESS: Will you tell me if you are asking a question?

Q. What connection do these shares have to the share certificate we are dealing with here?—A. Some of the shares which are the subject matter, which underlie that certificate, are with Mr. Worsdale's consent to be used partly to implement some of these promises of mine.

Q. To what extent?—A. A little bit indeterminate sale for 500,000. I expect Mr. Worsdale to implement my promises to deals of that extent. Actually I want him for still more, further implementing the promises of myself to the extent of at least 200,000 shares.

Q. You told us you expected Mr. Worsdale to look after these friends to the extent of 500,000 shares?—A. Yes.

Q. You hoped he would do more than that?—A. Yes, if need.

Q. Are these 500 shares included in this letter or any of them?—A. Yes. For example, I notice the names of C. H. Williamson and W. E. Martin. I have no doubt I could find more. They have been mentioned in the letter to Mr. Weinheim, dated 28th December, 1933.

Q. And in that letter you use this language:

“ I have found the deeds I signed with Miss Kahn as witness in July, 1930 (you will remember) they will be useful to you and me. The Company in any event cannot refuse (successfully) registration to any of your people.”

My friend asked you and you told him you thought you could give him some information when you had time to look into it, about these deeds that are there referred to: “ I have found the deeds I signed with Miss Kahn ”—What are the deeds to which the reference is there made?—A. They are the transfers of shares of Yukon Consolidated of that whole period, about the beginning of July to the time near the end of July when I left New York and was not again there in that year. They are transfers of these shares. There was a fair number of them, and without my records I would not like to confine myself to any particular number. I would say there were at least ten of them. I should say they were all endorsed then, and some of them, either three or four, I think three, were lost for a long time. They were found, and they are in existence today.

Q. Were the deeds that were so found and referred to in the letter deeds that are in any way associated with this litigation? Were the deeds that are referred to in your letter the deeds that include that certificate No. 1?—A. That certificate was not one of them.

Q. At the time when you had found these deeds was that certificate, Exhibit 1, in your possession?—A. No.

Q. I want to ask you whether, and I am showing you what you describe as to the 1,750,000 shares as being given to Mr. Worsdale, was that deed at any time in your possession after you delivered it to Mr. Worsdale on or after August 27th, 1930?—A. Not the deed, the deed was not.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

Q. Then there is another reference in the letter I would like you to make some explanation about. You say "They will be useful to you and me." That would mean to Mr. Weinheim and yourself. Was there anything then Mr. Weinheim had in contemplation, to your knowledge—

Mr. ROBERTSON : I am sure that is not a proper question to ask. That is not the way to ask for an explanation.

Q. Why did you refer to these words that I take as being useful to you and Weinheim, what had Weinheim to do with them?—*A.* They completed the series of certificates which supplied missing evidence of great importance. 10

Q. To whom?—*A.* To all claimants who might be litigants.

Q. Was he a prospective litigant at that time?—*A.* It was a reason for the communication.

Q. At that time had Weinheim commenced any proceedings?—*A.* I am afraid I could not tell you.

Mr. ROBERTSON : Weinheim is here, he will know.

Mr. MASON : I did not bring him here.

Q. You do not know when Mr. Weinheim commenced litigation? Did he commence any litigation against the Yukon Company?—*A.* I understand he has sued. 20

Mr. ROBERTSON : If my friend will ask him when he commenced litigation, I will find out and help him. It was long after this letter. There is no deed in connection with either. It was nearly a year afterwards when Mr. Weinheim commenced action.

Mr. MASON : Do not answer this question until his Lordship rules. What did you know, if anything, as to any claim by Weinheim against the Yukon Company at the time you wrote this letter?

Mr. ROBERTSON : I object to that. What he knew about a claim—I didn't know that there was any claim at this time.

His LORDSHIP : Ask him whether he has knowledge. 30

Mr. MASON : *Q.* Was Weinheim to your knowledge asserting any claim against the Company at that time?—*A.* Yes, he wanted registration.

Q. I want you to give me some help with this. I must confess I have very slight knowledge. My friend put in Exhibit 38, dated 22nd January, 1923, a letter from Lawrence Harrison to A. N. C. Treadgold in which Harrison agrees to sell and transfer to you or your nominee "all my interest in the appended agreement (a) between the Granville Company, etc., and E. C. Erbslow, and (b) between E. C. Erbslow and myself and all other (if any) my interest in Burrall & Baird Ltd., for the price of £33,000 to be satisfied by the issue to me or to my nominee of £8,000 of the preferred 40 shares nominal value, and £25,000 nominal value of the ordinary shares of the said Yukon Consolidated Gold Corporation." In connection with that apparently you and my friend were very much in disagreement as to whether or not certain assignments had been made of Mr. Harrison's interests or not.

Mr. ROBERTSON : I do not know whether we are in disagreement.

Mr. MASON : I understood you to say to my friend yesterday that Harrison's interests had been in fact assigned, and my friend suggested they had not been in fact assigned.—A. I think what you are asking me, there was a difference between counsel and myself.

Mr. ROBERTSON : The witness said they had been, and I knew it.

Mr. MASON : Q. What was the fact as to the assignments ?—A. Mr. Lawrence Harrison on the 25th March, 1925, at my request, which I was entitled to put to him, executed the assignment of his interest in the Canadian Klondike Mining Company, and/or Burrall & Baird, Limited, their successors in title. That assignment was forwarded by Mr. R. S. Smallman's solicitor to Chrysler & Chrysler, solicitors at Ottawa, who had received both and vested both in the North Fork Power Company. The minutes will show.

Mr. ROBERTSON : The witness does not know whether they got it. I understand the document has been lost and has not been seen.

Mr. MASON : What Minutes do you want ?—A. I want the Minutes of about the 10th of April, or thereabouts, to the 29th May, inclusive, of 1925.

Mr. MASON : Perhaps I can shorten it by showing to my friend the two documents which were produced on the previous trial.

Mr. ROBERTSON : All I know is there was not any document available in the Company's possession.

Mr. MASON : If my friend is not relying on this I won't bother.

Mr. ROBERTSON : I do not think it matters at all. Briefly, the position I have taken about Harrison is, Harrison was only getting a certain sum and an increase was put in the agreement which brought a profit to Mr. Treadgold.

Mr. MASON : My friend says it does not matter for the purposes of this litigation, and I am not going to pursue it.

Q. Mr. Robertson says he is not attaching any importance to the assignment, unless you want to pursue it further I do not.—A. I do not know why I would care. I am indifferent. The record is there.

Q. I want you to read paragraph 15 of this Exhibit 22, which is an affidavit dated March 8th, 1933. If you wish to look at any of the rest of the affidavit, do so. I am going to ask as to that particular reference, paragraph 15. In that paragraph you refer in this way :

" I am advised and believe that the title to approximately one million four hundred thousand shares standing in my name but belonging to approximately fifty English and Canadian shareholders, who have given valuable consideration for the said shares, depends on the outcome of this action and it is of vital importance to these shareholders."

I want you to identify these 1,400,000 shares.—A. Do you wish to know where they were ?

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

Q. I want to know what relation they have to what we are dealing with here, a half million or so.—*A.* Mr. Worsdale gave a promise about our including in that figure that the Williamson shares should be included in it, but I have not added up to see whether they are. They have always been mine to use. I have had other free shares without drawing on the reserve shares of two million. I think you would find the figure made up properly in 1,400,000, if that is the figure. That is my explanation of that figure, which was not challenged.

Mr. ROBERTSON : If it is of any importance, later he would get shares up to 1,390,000. 10

Mr. MASON : One was 1931 and the other was 1932. My friend is suggesting to you that the number of shares referred to in the so-called letter to the Shareholders' Committee amounts to approximately the same number as 1,400,000 from 1933. Have you checked up that ?—*A.* No, if I were asked to I could. I do not know any point in connection with it. I do not think there would be anything to entail explanation between the two. I have not tried to harmonize them for the reason I had a big reserve behind me in which everyone of the men mentioned in my letter could ask for my help for any legitimate claim. That is, I trusted the shareholders to help me to get the two million shares. 20

Q. Then, Exhibit 35, there is a letter attached. The letter is dated 26th November, 1934, and addressed to the Directors of E. Y. Syndicate. My friend drew attention to this language :

“ Referring to the power of attorney which you have given to me, I am writing this letter to confirm that this power of attorney will be used by me only to transfer assets now vested in the E. Y. Syndicate Limited to the North Fork Power Company and to it on condition that it transfers such assets simultaneously to the Yukon Consolidated Gold Coporation, Limited.”

Was or was not that condition carried out ?—*A.* Yes, it was carried out, obviously the agreement of the 19th of February is the evidence. 30

Q. I next show you Exhibit 41, a letter from you to Mr. Gordon Taylor, dated 2nd August, 1931. I am afraid you will have to refresh your mind on that letter ?—*A.* Yes.

Q. Now I want to ask you about a particular part of the letter. You say :

“ I have purposely enclosed one certificate only, No. 0370 for 116,100 shares because it is a certificate handled entirely by the Chryslers and the late Norman Larmonth and it is one of the 1925 lot.” 40

That is a small certificate ?—*A.* Yes.

Q. “ and it is one of the 1925 lot.” I assume you mean under the 1925 agreement ?—*A.* Yes.

Q. " If for any reason you should wish further shares as security for your 2500 I will sign and send a transfer for same, which would, if you need them, be on account of my big lump (1,788,900) which are really under attack."

*In the
Supreme
Court of
Ontario.*

That is the 1,788,900 shares under the agreement of July 12th, 1929?—

A. Yes.

Q. On this date, August 2nd, 1931, the 1,788,900 certificate had been issued?—*A.* This certificate?

Q. A certificate of the 1,788,900 had been issued for 1,663,900, leaving 10 125,000 shares, is that right?—*A.* Yes.

Q. What about the 125,000 shares?—*A.* Free.

Q. They were free at that time?—*A.* Yes, but Mr. Worsdale was helping me with that.

Q. Tell me about that.—*A.* Mr. Worsdale was, I think you will find, lending me security for the loan. I think he lent me certificate 0370, and that was deposited as security.

His LORDSHIP: What do you say in regard to that?—*A.* No. 0370 was part of 1,750,000 shares, a separate certificate for 116,100 of these shares. Mr. Gordon Taylor of Toronto was very willing to help, and he expected to 20 take part in the future of Yukon Consolidated.

Mr. MASON: His action is immediately following this action on the list.

Mr. ROBERTSON: You better see the Pleadings in that case before you say very much.—*A.* I know I had to get the late Senator Belcourt to write a letter.

Mr. MASON: *Q.* What happened between you and Mr. Worsdale in regard to that matter?—*A.* I was very glad to have a loan from Mr. Taylor. Mr. Worsdale agreed with me on the loan of Taylor and furnished security for me to use, and I used it.

Q. What did you mean by saying " If for any reason you should wish 30 further shares as security for your 2500, I will sign and send a transfer for same, which would, if you need them be on account of my big lump (1,788,900) which are really under attack " ?—*A.* Mr. Taylor intended to find more money, and he would need more security if he did. He was a real buyer of Yukon shares and he put the certificate up later which Senator Belcourt sent him. There was nothing further to do, because no further certificates were deposited with Mr. Taylor. That one was as security for the loan that was made.

Mr. ROBERTSON: Having got the witness to say there was some agreement about a smaller certificate with Worsdale the agreement ought to be 40 produced. The parties were on opposite sides of the Atlantic at the time.

Mr. MASON: *Q.* I want you to tell the Court what happened between you and Mr. Worsdale with regard to the Gordon Taylor matter?—*A.* I asked for Mr. Worsdale's help to get money, which I knew I could get. He was very glad to accede and very glad to help in the only way I needed it, namely sufficient security to satisfy Mr. Taylor.

Plaintiff's
Evidence.

No. 9.

Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

Q. What my friend wants to know is whether there was any writing or how it was agreed upon between you and Mr. Worsdale?—*A.* It was agreed in the same way exactly as numerous other things by agreement between us, meet and talk it over and say what we would do for one another.

His LORDSHIP: Do I understand you to say now you had a conversation with Mr. Worsdale in respect to giving this certificate, and he knew you were endeavoring to raise money from Taylor?—*A.* He knew Mr. Taylor was expected by me to be marketing in these shares in due course. We did not expect trouble to last forever. It was Mr. Bouch who acted for Mr. Taylor.

Q. Is there anything further you wish to tell us about this before I leave it?—*A.* I do not know of anything. 10

Q. Now, my friend read to you some evidence you had given on a previous action, page 2352, and I want to read to you a portion of what he read, because you were stopped in your answer:

“*Q.* Why were you nominating Harrison's shares?—*A.* I was not nominating, I was using Mr. Harrison's shares.

Q. For what purpose?—*A.* For my own purpose.

Q. As you own?—*A.* By his——”

You were acting entirely?—*A.* By his authority.

Q. How was that authority conducted?—*A.* By properly executed and recorded in the proper place at the head office of Yukon Consolidated at Ottawa a power of attorney dated 29th May, 1925. 20

Mr. MASON: I ask my friend, since that is in the custody of the Company, to produce the power of attorney.

Q. Have you a copy of the power of attorney?—*A.* I have not one with me. I can find you one easily. There is one.

Q. You say there is a power of attorney from Harrison to you which was deposited with the records of the Yukon Company?—*A.* I fancy it is an exhibit in the *Patton v. Yukon* action. A reference to the exhibits would soon show. 30

Q. A reference was made to the minutes of the North Fork Power Company by you. You said the minutes would show on February 11th, 1925, would be evidence of something you were stating yesterday; do you remember what that was?—*A.* Show the object of the consolidation as respecting the North Fork Power Company. It was set out clearly in the minutes.

Q. Would you run your eye over the minutes and tell me what it is to which you are referring that you want to put in?

His LORDSHIP: That is very general, Mr. Mason, to let the witness run over all these minutes. 40

Mr. MASON: Just this date. I am not grasping the significance of it.

WITNESS (*Indicating in minute book*): From *there* down to *there*.

Mr. MASON: The witness evidently thinks this is a meeting with reference to something my friend was asking him.

EXHIBIT No. 49: Filed by Mr. Mason: Copy of portion of Minutes of Directors North Fork Power Co., Feb. 11, 1925.

*In the
Supreme
Court of
Ontario.*

Q. Who were the directors of North Fork on the 11th of February?
—A. F. H. Chrysler, N. G. Larmonth, A. N. C. Treadgold.

Plaintiff's
Evidence.

10 Q. "The President then informed the Board that owing to a change in the law regarding returns to be made by companies incorporated under the Companies Act of Canada it was now necessary that returns should be made to the office of the Secretary of State, Ottawa, each year: that the provisions of the amending Act having been brought to his notice he desired to have the annual returns for the Company prepared and filed for the years beginning from 31st March, 1918, and that the Secretary of the Company be authorized and directed to prepare returns in conformity with the provisions of the Act (Section 106 of the Companies Act)."

—
No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

Is that the Minute that you wanted in?—A. Yes.

Mr. ROBERTSON: This is a power of attorney to use shares on Harrison's behalf. The evidence as you are leaving it would show he was using these shares as his own. I do not think that is the way in which Mr. Treadgold is supporting what he was putting forward in the Patton action.

20 WITNESS: May I ask is that the original Harrison power of attorney?

Mr. MASON: Yes.

Q. Now, Mr. Treadgold, you have handed me this document dated 21st day of November, 1932, with a notation by yourself. That is not the correct date?—A. It does not matter. The security was put up in reply to that.

Q. Of November, 1932? It does not matter?—A. No.

Q. It is put out by Mr. Troop and addressed to the shareholders of the Yukon Company?—A. Yes.

30 Mr. ROBERTSON: May I ask how that arose out of any cross-examination of mine? I never heard of any circular.

EXHIBIT No. 50: Filed by Mr. Mason: Original Harrison to Treadgold Power of Attorney of May 29, 1925.

Mr. MASON: His Lordship asked, following the cross-examination by my friend whether any of the 3,250,000 shares under the 1925 agreement were held in trust for Treadgold. This is something furnished by the Company which will bear upon the question.

Mr. ROBERTSON: I do not know anything about it. I do not know what it is.

40 Mr. MASON: Q. What is this document?—A. This document apparently is an assurance of the shareholders if they have their shares as they have them registered in their own names they need have no fear as to the title of their shares. None of these shares were held in trust for me is the point.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence.

No. 9.
Arthur
N. C.
Treadgold.
Re-exa-
mination
by Mr.
Mason—
continued.

Mr. ROBERTSON : It is utterly irrelevant. It is not of the slightest concern to anybody.

Mr. MASON : In my submission it is, my lord.

Mr. ROBERTSON : It should not go in with Mr. Treadgold's statement as to the date.

EXHIBIT No. 51 : Filed by Mr. Mason : Printed circular letter to shareholders dated 21st Nov. 1932, Troop to shareholders of Yukon.

Mr. MASON : *Q.* Yesterday you said to my friend that only very generally was it correct to say that the properties transferred by Exhibit 37 10 were acquired with shares issued under the agreement of February, 1925.—
A. I said very generally.

Q. I want to know if there is anything further you want to say about that.—*A.* Obviously in the consideration to be passed by the North Fork to the Yukon Consolidated by the agreement there is a schedule of properties, a very large proportion of the schedule has nothing to do with it, with the use of the 1925 agreement shares for the purchasing of the securities. It is entirely from the outside, brought in by Treadgold from the North Fork and by the North Fork to the Yukon.

Mr. MASON : That is the plaintiff's case, my lord.

20

(Court adjourned until 12.50 p.m.)

No. 10.
Further
Proceedings
at Trial and
Evidence of
George
R. F. Troop,
31st Octo-
ber, 1935.

DEFENDANT'S EVIDENCE.

No. 10.

Further Proceedings at Trial and Evidence of George R. F. Troop.

Mr. ROBERTSON : I submit my friend has not made out any case. Your Lordship, of course, would direct that I proceed.

His LORDSHIP : Yes.

Mr. ROBERTSON : I put in a certified copy of the Pleadings in what is known as the Patton action, the action of Patton and others against Treadgold.

30

Mr. MASON : I object to the admissibility of this, my lord. I don't know what relevancy a certified copy of the pleadings has. If my friend wants the formal judgment in I do not know that I would object seriously.

Mr. ROBERTSON : It makes the judgment intelligible, as my friend this morning referred to the last circular that was put in, and it was just what was in question in that action.

EXHIBIT No. 52 : Filed by Mr. Robertson : Certified copy of Pleadings in *Patton v. Yukon*.

*In the
Supreme
Court of
Ontario.*

Mr. ROBERTSON : I put in certified copy of the judgment, and attached are two orders made on the 13th of March, 1933, by your Lordship. These are orders which your Lordship made on a motion to postpone the trial after the judgment of Mr. Justice Raney had been set aside after the death of the reporter.

Defendant's
Evidence.

Mr. MASON : I again object to interlocutory orders which are not important. They do restrain dealing with the certificates. Your Lordship made that a term of the postponement.

No. 10.
Further
Proceedings
at Trial and
Evidence of
George
R. F. Troop,
31st Octo-
ber, 1935—
continued.

EXHIBIT No. 53 : Filed by Mr. Robertson : Certified copy of judgment in *Patton v. Yukon*, 23rd June, 1933.

EXHIBIT No. 54 : Filed by Mr. Robertson : Certified Copy of Order of Court of Appeal dated May 1, 1934.

GEORGE R. F. TROOP, sworn. Examination by Mr. ROBERTSON.

George
R. F. Troop.
Examina-
tion by Mr.
Robertson.

Q. I believe you are by profession an accountant?—A. I am.

Q. Where do you live?—A. In Ottawa.

Q. You were for a time a partner in the firm of Clarkson, Gordon, Dilworth & Company?—A. I was a junior partner in the firm until the end of 1933.

Q. You are now, I understand, Secretary of the defendant company?—A. I am.

Q. When did you become its secretary?—A. On December 15th, 1930.

Q. At the time you became the Secretary of the Company who was Registrar of the company and the stock certificate book, with the stubs—that all came into your custody?—A. Yes, they did.

Q. At that time was the certificate No. 0369, which is in question here, in the register under anybody's name?—A. No.

Q. It was not entered?—A. No.

Q. You have produced here earlier, and my friend put in Exhibit 7, the sheet of Mr. Treadgold's stock account. Does the entry of the certificate appear on this sheet now?—A. Yes, it appears under date 8th May, 1930, 1,663,900 shares, certificate No. 0369.

Q. By whom was the entry made?—A. By myself.

Q. By whom was the entry made in the register?—A. I made it.

Q. When?—A. In February or March, 1931.

Q. Were you supplied with information by anyone that led to your making that entry?—A. Yes.

Q. By whom?—A. By Mr. Treadgold.

Q. With what were you supplied by Mr. Treadgold?—A. I was supplied with the list of the owners of shares of the Company which Mr. Treadgold made out.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 10.
George
R. F. Troop.
Examina-
tion by Mr.
Robertson
—continued.

Q. Have you that list?—A. I have.

Q. You produce a list, in whose handwriting?—A. In Mr. Treadgold's handwriting.

Q. I see there is a date on it, in whose handwriting?—A. Mr. Treadgold's.

Q. This is written this way, ordinary shares 14th December, 1930, then the 14 is stricken out in red ink, and in red ink 23 is written beneath it. The date reads 23rd December, 1930. At about what date did you get the list from Mr. Treadgold?—A. Within about a day or two after I became Secretary of the Company. 10

Q. When did you become secretary?—A. About the 23rd December.

Q. Does the certificate we have been speaking of appear in this list?—A. Yes, appears near the bottom right-hand corner at the side of the list.

Q. A. N. C. Treadgold is down for 5,000 shares and 1,663,900 and 116,100 shares. These are not all the entries under Mr. Treadgold's name. I see in running my eye over there is one other place his name appears. On the other side there is quite a list of comparatively small amounts. It is all in his handwriting?—A. All except one or two figures in red ink I put on myself, the names and figures in red ink are my own.

EXHIBIT No. 55 : Filed by Mr. Robertson : List of shareholders, 20
Dec. 23rd, 1930.

Mr. MASON : I want to take this objection, that this is not evidence as against the plaintiff in this action in any shape or form, and as a matter of law it is not evidence.

His LORDSHIP : Surely it would be evidence as to the facts in connection with the transaction, a share list prepared by Treadgold in 1930, on the 4th of December, 1930, and in that year it was alleged they were transferred to your client, a certain number of shares.

Mr. MASON : On the terms of Exhibit 2, and one of the terms was the shares were to remain standing in Mr. Treadgold's name. 30

Mr. ROBERTSON : First of all this shows how the shares became entered in the register. They were not entered in the usual way at the usual time of issuing the certificate but were issued at Mr. Treadgold's initiation many months later.

Mr. MASON : All I want to point out is I object to the admission formally of any evidence which goes to impeach the act of the company in issuing the certificate which is Exhibit I in this action. I wish to point out the document my friend produces is not disclosed in Mr. Troop's affidavit on behalf of the Company, and if my friend intended to use it he should have disclosed it. 40

Mr. ROBERTSON : I only learned of it last night.

Mr. MASON : Mr. Troop, the witness who is using it is the gentleman who made the affidavit.

Mr. ROBERTSON: At that time did you hear anything of Mr. Worsdale?—*A.* No.

Q. Had you any knowledge of Mr. Worsdale at that time?—*A.* No.

Q. Even of his existence?—*A.* No.

Q. Was there anything communicated to you or had you any knowledge from any source at that time of anyone other than Mr. Treadgold having an interest in the shares covered by that certificate?—*A.* No.

Q. Were you in any way concerned with the investigation that was conducted by Mr. Clarkson as a Commissioner of the Secretary of State?—

10 *A.* I assisted Mr. Clarkson.

Q. Were you present throughout the examinations?—*A.* I was present at all examinations of witnesses in the investigation except two in Toronto.

Q. Were the two in any way concerned with who we have to do with here?—*A.* I myself investigated the books and records of Yukon Consolidated and all subsidiary companies, back to 1923.

Q. Did you make that investigation all in Canada?—*A.* Yes.

Q. Did you find or hear any reference to Mr. Worsdale in the course of the investigation?—*A.* No.

20 *Q.* Was Mr. Treadgold a witness on the investigation?—*A.* Yes, on two occasions.

Q. Over what period of time did the investigation proceed? I do not mean how long from the date of the Commission to the report.—*A.* There would be the inquiry proceeding from some time in January or early February, 1931, until Mr. Clarkson made his report in February, 1932.

Q. Then you went on with your business as Secretary of the Company?—*A.* Yes.

Q. When did you first hear of Mr. Worsdale?—*A.* Early in February, 1934.

Q. Where were you at that time?—*A.* I was in London, England.

30 *Q.* On business of the Company?—*A.* Yes.

Q. How long had you been there at that time?—*A.* About one month.

Q. Had the Company any office or place of business in London?—*A.* Yes.

Q. Where?—*A.* At 61 Moorgate, London, E.C.2.

Q. Do you know for how long the Company had had an office there when you became Secretary?—*A.* Yes.

Q. Did that office continue to be the Company's London office from that time on?—*A.* I believe so, Mr. Robertson.

40 *Q.* You did business in the London office constantly?—*A.* I was in communication with Mr. Corbett constantly from the time of my appointment.

Q. Who was Mr. Corbett?—*A.* He was London representative of the Company.

Q. You were in communication with him at that office?—*A.* Not at first at that address. His address at first was 8 Queen Street.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.

George
R. F. Troop.
Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop.
Examina-
tion by Mr.
Robertson
—continued.

Q. I thought you said the company had its office at 61 Moorgate when you became Secretary?—*A.* At 61 Moorgate, until some date in 1932, before Mr. Corbett moved there.

Q. You got in touch or learned of Mr. Worsdale in what way?—*A.* Through the Company's auditors, Messrs. Price, Waterhouse & Company. One of their representatives gave me a letter which he said they had received from Mr. Worsdale.

Q. Did he give you the original?—*A.* No, I kept a copy and returned the original to the auditors.

Mr. ROBERTSON: I will use a copy if my friend agrees to the use of 10 the copy. I have not got the original.

Mr. MASON: As a matter of fact I wanted to put it in, but I could not put in a letter to the Auditor.

Mr. ROBERTSON: The letter is dated the 30th of January, 1934, from Mr. Worsdale to Price, Waterhouse & Company:

“Referring to my interview with your Mr. Harrison and Mr. Jones yesterday in reference to the New North West Corporation, Ltd., I beg to state that I am interested in certain income notes and shares issued by this Corporation and should esteem it if you could give me the following information: 20

1. How, with a surplus of \$624,634 shown in the 1929 accounts, did you arrive at a deficit of \$314,960.01 for the same period?

2. How did you arrive at a surplus of \$83,260.24 for 1930, 1931? Where is this surplus?

3. Why is no cash shown in bank to credit of the New North West Corporation? What and where is its bank?

4. Does the balance sheet issued by Yukon Consolidated and certified by you in November, 1932, purport to be a balance sheet of merger (of companies in Yukon Consolidated)? If 30 so, what is the authority behind the merger sanctioning it?”

EXHIBIT No. 56: Filed by Mr. Robertson: Copy of letter dated Jan. 30, 1934, Worsdale to Price, Waterhouse. Letter dated Feb. 6, 1934 Troop to Worsdale (Attached).

Q. We have heard a great deal of the Great North West Corporation. Please tell us what relation the Great North West has to Yukon Consolidated?—*A.* The Yukon Consolidated owns at the present time practically all of the income notes and shares of the Great North West and the Yukon Consolidated and has been collecting shares and income notes since 1925.

Q. What is it?—*A.* It is a company owning assets and properties 40 in the Yukon territory.

Q. It was the owner of securities?—*A.* Yes.

Q. Was it a sort of a result of consolidation days of earlier dates?—
A. Yes, besides the properties and the buildings and other assets it owned it also owned securities of subsidiary companies in its time.

Q. It was one of the companies being brought into the consolidation?—
A. Yes.

Q. You got a copy of the letter that has just been put in from Price, Waterhouse & Company. They were the Company's auditors?—A. Yes.

Q. How did that lead you to Mr. Worsdale?—A. I wrote a letter in reply to Mr. Worsdale on February 6th, 1934.

10 Q. This is your reply of the 6th of February, 1934?—A. Yes.

Mr. ROBERTSON: I will attach this to the last exhibit.

Q. This is a letter from the Secretary of the North West Corporation?—
A. Yes.

Q. You were the Secretary of that Company?—A. Yes.

Q. Your Company was controller at that time of the assets and shares and income notes issued by the New North West Company?—A. Yes.

20 Q. "Messrs. Price, Waterhouse & Co. have forwarded to me your letter of January 30, 1934, in which you state that you are interested in certain income notes and shares issued by this Corporation, and ask for certain information.

"Before replying to the questions which you ask, I shall be obliged if you would give me particulars of the interest which you state you have in this Company's shares and income notes. I do not find your name in the Company's register of shareholders and income note holders."

Is that correct?—A. That is so.

Q. You did not find his name there?—A. No.

30 Q. Was it a practice of the New North West Corporation to get out a separate statement?—A. A separate balance sheet for the New North West Corporation is prepared by our Auditors, and a copy is filed with the registry office in London.

Q. Which office?—A. The Imperial Registry Office in London. The New North West Corporation is registered in London.

Q. That was your reply. What came next?—A. Some days after that Mr. Worsdale called me on the telephone and asked me if he could have an interview. Shortly after that he came to the office, and I saw him on February 16th, 1934. Mr. Patton, President of the Yukon, and Mr. Hay and myself were there with Mr. Worsdale.

40 Q. Mr. Hay occupied what position?—A. He is a Director and Vice-President of Yukon Consolidated.

Q. Is he now?—A. Yes.

Q. Did some conversation then follow?—A. Yes.

Q. Mr. Troop, it was suggested, and perhaps stated during the examination of Mr. Worsdale, that this interview, or some part of it, was without prejudice—that those words were used—what do you say?—A. Not to my knowledge. I have no such recollection of any such words being used.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 10.
George
R. F. Troop.
Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 10.
George
R. F. Troop.
Examina-
tion by Mr.
Robertson
—*continued.*

Q. Well, will you tell me what the interview was?—*A.* I asked Mr. Worsdale what securities of the New North West he held. He told me he had certain income notes and preferred and common shares of the New North West Corporation. I asked him in whose name these were registered in the Company's books as I could not find his name in the record. He said he thought the income notes were registered in the name of Dolan, but he said also that he proposed shortly to have his holdings registered in his own name. He told me also that he and his associates held 1,750,000 shares in Yukon Consolidated. He said he had obtained the shares from Mr. Treadgold as security for an advance which he and his friends had 10 made to Treadgold.

Q. As security?—*A.* As security. He asked us if we would be prepared to register his holdings in his name. We said, No. I told him that the shares he had, if the certificates were in Mr. Treadgold's name, had been cancelled by the judgment of Mr. Justice Davis.

Q. Did he produce any documents to you, or share certificates?—*A.* No.

Q. Any other document?—*A.* Nothing whatever. He then spoke again of his holding of New North West income notes and shares, and he said he held also some Dominion Mining Company and Calder Mining 20 Company shares which he wished to have put in his own name also. I ask for a list of his holdings, and he said he would let me have it.

Q. Did you ever get it?—*A.* No. These companies are both subsidiaries of the New North West Corporation.

Q. They came in through control of the New North West?—*A.* Yes.

Q. Yes?—*A.* As he was leaving the room he asked me if I thought he could get a cash offer for his New North West, and other subsidiary holdings. I said I would first like to know what he had. He repeated he would send me particulars.

(Court adjourned until 2.15 October 31st, 1935.)

30

Afternoon Session

October 31st, 1935.

2.15 p.m.

Mr. ROBERTSON: I desire to call Mr. Stewart Brown to produce one or two papers. Mr. Brown wants to go to Chicago this afternoon and my friend Mr. Mason will not object to my calling Mr. Brown.

(*Recalled, see after document No. 11.*)

No. 11.

Evidence of Stewart Brown.

*In the
Supreme
Court of
Ontario.*

STEWART BROWN, sworn. EXAMINATION by Mr. ROBERTSON.

Defendant's
Evidence.

Q. Mr. Brown, you are a barrister and solicitor practising in Toronto?—
A. Yes.

Q. Your firm of Brown & Wallace are, I think, solicitors on the record for two of the defendants, or one of the defendants in the action of *Patton v. Yukon Consolidated*?—A. Yes.

No. 11.
Stewart
Brown.
Examina-
tion by Mr
Robertson.

10 Q. You are on the record for Mr. Treadgold, that is right?—A. I think that is correct.

Q. The North Fork Power Company?—A. I think Mr. Wallace appeared as solicitor on that.

Q. Have you on behalf of Mr. Treadgold taken any proceeding in the action?—A. The last two or three weeks.

Mr. MASON: I submit this has no possible relevance to this action. This solicitor is being brought to say what steps he has taken on behalf of his client in some other proceeding. I do not know what my friend's object is, and I suggest it is not relevant to anything we are trying here.

20 Mr. ROBERTSON: I desire to show that Treadgold is still pursuing his claim to these very shares and therefore as I think I intimated in my opening that this action cannot succeed in his absence. He is an essential party to this action.

His LORDSHIP: Who?

Mr. ROBERTSON: Treadgold.

Mr. MASON: I submit, my lord, that is not as far as anything appears here, and that is an issue in the other action.

30 Mr. ROBERTSON: Obviously Mr. Treadgold was claiming in that action these very shares. That is the main thing the action was about. The immediate result was the cancellation of these shares, these being the main shares that were cancelled.

His LORDSHIP: Do you say now Mr. Treadgold has started an action?

Mr. ROBERTSON: Treadgold has not started a new action, but following the judgment of the Court of Appeal, which was in 1934, matters have remained dormant until the last three weeks, at which time \$2,000 has been paid into Court as security to appeal to the Privy Council; an application is now pending to prepare the appeal. Now, it appears this is not the final disposition of it. I always have objected in this case whether the appeal was going on or not, in the absence of Treadgold this action cannot be disposed of.

40 Mr. MASON: As to my friend taking that position before I do not think I need plead that. I think you have to make out a case. He has to set up specifically the facts on which he relies.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 11.
Stewart
Brown.
Examina-
tion by Mr.
Robertson
—continued.

Mr. ROBERTSON : I am resisting your claim, and I could not set up these facts till now.

His LORDSHIP : Assume that Treadgold is appealing to the Privy Council from the judgment of the Court of Appeal here. Why do you say he is appealing and in his appealing claiming the ownership of the shares? He might be appealing for the purpose of to some extent rectifying, or he believes he was wronged in the judgment of the Court of Appeal that the shares were obtained fraudulently, isn't that the effect of the judgment, they were a fraud upon the shareholders of the Consolidated Company, and that these shares really were shares of the North Fork Company? 10

Mr. ROBERTSON : The North Fork Company was trading exactly in the same way as Treadgold, when they were not shares of either one of them.

His LORDSHIP : Assume they were not, you say so far as he is concerned one does not know why he is appealing a case of that kind.

Mr. ROBERTSON : Your Lordship will see what the result will be.

His LORDSHIP : Assume the judgment of the Court of Appeal is reversed, and he is held to be the owner of the shares, what difference would that make so far as the plaintiff Worsdale is concerned?

Mr. ROBERTSON : Supposing your Lordship were to dispose of the 20 action in favour of the plaintiff, your Lordship would find Worsdale is entitled to some million and a half shares. Treadgold is going on to his appeal; supposing he succeeds, the Court will find he is entitled to a million and a half shares.

Mr. MASON : The Privy Council would find these shares had been properly issued, and they would have to stand according to the rights as between the defendant and the other party.

Mr. ROBERTSON : The direct result of the appeal in the Patton action would be to restore, not Worsdale, but Treadgold as the owner of the shares. How can your Lordship dispose of this action in the absence of 30 another party claiming the same shares? That is all I want to say. That is a still pending proceeding. Treadgold may very well say—I am not suggesting anyone would like to believe he would, but nothing is stopping Treadgold, and what is taking place here, Mr. Treadgold may come along and say these twelve thousand shares Worsdale is not to have. The case is filled with two troubles, if the case goes on and both parties are not involved—

Mr. MASON : He says whether or not these proceedings go on to appeal he will raise the point that Treadgold should be a party to the proceedings. The pleadings make no suggestion of such a condition. My friend knew 40 this three or four weeks ago. He has given no notice of desire to amend. He comes in now and states what he wants to do, he waits until the fourth day of the trial.

Mr. ROBERTSON : I think I intimated my objection first, I objected right at the start of this action, and stated that this action would not lie if one who has not established his right to be a shareholder is not present.

Mr. MASON : My friend never said a word about joining Mr. Treadgold until this moment.

Mr. ROBERTSON : I did not need to plead that. My friend cannot in an action to recover property that is in the name of one person recover the property without having the person before the Court. This is an action to bind Mr. Treadgold's interest, an action to recover shares, and it lies in the very root of my friend's action. I do not have to move to have Treadgold a party. My friend should come into Court with the proper parties before the Court so the Court could adjudicate.

His LORDSHIP : It is surprising to me. You may be right. At the same time, before the trial the defendant does not rest upon the pleading, but makes some complaint that the action is not properly constituted.

Mr. ROBERTSON : One must have regard to what the plaintiff is setting up in his pleadings.

His LORDSHIP : You could very well have got from Treadgold himself in the witness box, when he perfected the appeal to the Privy Council.

Mr. ROBERTSON : I suppose I could. I thought it ought to be done in a more formal way than I could get it from Treadgold. I do not know what sort of a jangle I would get into trying to use the language. I thought this was a sensible way to do it.

His LORDSHIP : I will let it in subject to objection. We will have to meet the point sooner or later. You are not pursuing any further with Mr. Brown ?

Mr. ROBERTSON : I want to get the Notice of Motion and the fact he has paid \$2,000 into Court, and he has served Notice of Motion, and the Motion is pending.

His LORDSHIP : I will allow the evidence in.

Mr. ROBERTSON : Q. Did you in the action of Patton and Yukon recently pay some money into Court?—A. Yes.

Q. How much?—A. \$2,000.

Q. On behalf of whom?—A. On behalf of the defendant.

Q. Which, the Yukon Consolidated is one defendant?—A. I thought the status has been changed during the case to the plaintiff.

Mr. MASON : I am going to ask if my friend is going to limit himself to what your Lordship directed. My friend is now inquiring into the source of the money.

Mr. ROBERTSON : The money was formally paid into Court for somebody. Mr. Brown says the defendant, the Yukon Consolidated, is one of the companies.

Mr. MASON : I suppose he says it is to support the appeal by his client Treadgold.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 11.
Stewart
Brown.
Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 11.
Stewart
Brown.
Examina-
tion by Mr.
Robertson
—*continued.*

Mr. ROBERTSON : Q. It was put in on behalf of Mr. Treadgold ?—A. And the North Fork Power Company.

Q. Did you serve this Notice of Motion upon the plaintiff's solicitors and the solicitors for the defendant ?—A. Yes, and appeared before Mr. Justice Middleton, and it was adjourned sine die by Mr. Justice Middleton.

The motion was adjourned.

Q. I believe there was some argument ?—A. There was some argument.

Q. And the motion adjourned ?—A. Yes.

Q. The motion is still pending ?—A. I presume the effect of what Mr. Justice Middleton said it could be brought up again by either party 10 on consulting with him, on a certain date.

Q. Were you there ?—A. Yes.

Q. Was the motion argued in part ?—A. Yes.

Q. Was it adjourned ?—A. Adjourned sine die as I understood it.

Q. For what purpose ?—A. For the purpose of further argument.

EXHIBIT No. 57 : Filed by Mr. Robertson : Notice of Motion dated Oct. 15, 1935, *Patton v. Yukon.*

No. 10.
George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson.

No. 10—continued.

GEORGE R. F. TROOP RECALLED. EXAMINATION by Mr. ROBERTSON
(Resumed). 20

Q. You had been telling of an interview that was had on the 16th February, 1934, with Mr. Worsdale ?—A. Yes.

Q. You had come to about the point where he was going away, and you were going to say something to him as he was leaving ?—A. Yes, as he was leaving he raised the question of whether he could obtain a cash offer for his holdings of the New North West and the other two subsidiary companies. We asked him what his holdings were in these companies, and he said he would give us a list.

Q. Is that the substance of that interview ?—A. Yes.

Q. Did you have any further interview ?—A. Yes, four days later, 30 on the 20th February, 1934, Mr. Worsdale called at our office again, and Mr. Patton and Mr. Hay and myself met him in the Company's office.

Q. Let me ask you whether or not this interview was stipulated to be without prejudice ?—A. It was not.

Q. Then what occurred ?—A. He gave me a letter bearing some data. That is the letter that has been produced addressed to me, and I read it through.

Q. That is a letter of the 20th of February ?—A. Yes. I read it through during the course of the interview. I do not think I read it immediately he gave it to me. I read it through during the course of the meeting. 40

His LORDSHIP : What is the number of that Exhibit ?

Mr. ROBERTSON : That is Exhibit 4.

Q. What was said during the interview?—A. He referred to the holdings of Yukon shares which he said he got from Mr. Treadgold, and he said these shares were held by Mr. Weinheim.

Q. What do you mean shares held by Mr. Weinheim?—A. Shares he obtained from Mr. Treadgold.

Q. What shares?—A. 1,500,000 he said certificates were held by Mr. Weinheim, New York, the shares were in Mr. Treadgold's name.

10 Q. There were certificates that were held by Mr. Weinheim?—A. Yes, he said he had acquired shares in 1930 and the certificates had been delivered to Mr. Weinheim then, he said a transaction as a result of which he got the shares had been carried out in New York and that Mr. Weinheim, or his associate who was acting for him in the matter of this transaction. He went on to say he and his friends had paid more in money for these shares than was represented by the par value of the shares themselves. While I was surprised to hear that I said to him I had been looking into the Company's affairs for some time and it seemed extraordinary to me that a million and three-quarters had come into the business and I could not find any trace of it. He then said that only went to show what an extra-
20 ordinary person Mr. Treadgold was. He said that the Yukon Consolidated was working properties which belonged to him and his friends. He said that he was not sure where the value of his interest lay, whether in the New North West or the Yukon at first, and that had been the reason for his writing the Auditors about the New North West. He wanted to know if we would hold up the appeal which was then pending in Canada if he could get Mr. Treadgold to do the same thing. We told him we wouldn't.

Q. Did he say anything about Mr. Treadgold?—A. He said that he and his friends might have to consider whether or not they would take criminal action against Mr. Treadgold. He said they were not going to be
30 let down by Mr. Treadgold. He referred again somewhere during the second interview to the fact he held Dolan income notes. It seems to me I had read a letter at this time that there were no income notes. He said he would give me a list of his holdings. He said he held thousands of pounds worth of shares and notes in the New North West Corporation. Then he referred us to Price, Waterhouse & Company, our Auditors, for reference as to his business standing.

Q. These Dolan notes that you have spoken of, did they form any part of any of the securities included or covered by any of the agreements referred to yesterday by which the consolidation was being carried out?—A. They
40 were part of the income notes of New North West Corporation that were to come to Yukon Consolidated under the agreement of July 12th, 1929.

Q. Up to the date of this interview of the 20th of February, 1934, had they come in?—A. No.

Q. Has the Company since acquired them?—A. Yes.

Q. From whom?—A. From the estate of the late C. P. Dolan, registered holder.

Q. At a cost of how much?

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.

George
R. F. Troop
recalled.

Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Mr. MASON : Is that relevant ?

Mr. ROBERTSON : It is part of this security that Mr. Treadgold said he sent on and completed his delivery.

Defendant's
Evidence.

Mr. MASON : That is what my friend is stating, I have not heard that any place yet.

No. 10.
George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson.
—continued.

Mr. ROBERTSON : Mr. Troop has said these were part of the securities that were covered by the 1912 agreement. I understand Mr. Treadgold did say that in May of 1930 he completed the delivery, then everything was clear for him to get his shares.

Mr. MASON : He gave evidence that certain things were cleaned up, and subsequent to that a certificate was issued on May 8th, 1930. I never heard him say anything about any claim of this kind. 10

Mr. ROBERTSON : His statement was a broad statement he had thereby completed his delivery.

Q. You got them at a cost of how much?—A. \$4,500, \$4,000 to the estate, and \$500 legal expenses.

Q. That is quite a recent transaction, this year?—A. Yes.

His LORDSHIP : Just what form of security were these?—A. Income notes. It is a ranking security in the New North West. They are repayable at no stated date at 130 per 100, principal amount. 20

Mr. ROBERTSON : Q. They are a charge on income?—A. Yes.

Q. Was there anything further at that interview?—A. There was a great deal more said by Mr. Worsdale. He had a number of names with which I was quite unfamiliar. He told us a great deal about his friends and associates and about business and transactions he had been connected with. He told us he and his associates had been electrifying Western Ireland.

Q. Did you have any further interviews with Mr. Worsdale?—A. No. I next saw him at Toronto, I think it was when the appeal came up in Court.

Q. You say you had been through the records of the Company pretty completely?—A. Yes. 30

Q. Did you find any reference to Mr. Worsdale anywhere?—A. Nowhere, Mr. Robertson.

Q. As the holder of shares or as a person transferring any shares or the prior owner of any securities coming in?—A. I made fairly complete inquiries myself after my interview with Mr. Worsdale to see if I could find his name in any of the securities we held and in our correspondence; I asked a great many people about him.

Q. You did not find anything in the Company's records?—A. Nothing.

Q. The first trial before Mr. Justice Raney took place in?—A. 1932. 40

Q. Was Mr. Treadgold a witness then?—A. Yes.

Q. That trial lasted how long?—A. About eight days.

Q. Were you there throughout?—A. Yes.

Q. Was there any reference made to Mr. Worsdale?—A. No.

Q. Was there any reference made to anybody other than Mr. Treadgold as being the owner or entitled to the shares represented by certificate, Exhibit No. 1?—A. No.

Q. The case was tried before Mr. Justice Davis, and that trial lasted how long?—A. Four weeks.

Q. Was Mr. Treadgold a witness?—A. Yes.

Q. For any length of time?—A. I think Mr. Treadgold was on the stand for three, perhaps a little more than three days.

Q. You were there throughout?—A. Yes.

10 Q. Was there any reference at all to Mr. Worsdale?—A. None whatever.

Q. Was there any reference to anybody other than Mr. Treadgold as being a person entitled to the shares represented by certificate, Exhibit No. 1?—A. No.

Mr. ROBERTSON: I would like to put in, they are bound up together, copies of the Letters Patent and the By-laws. There is not very much in them I want to refer to. I want to refer to the By-laws as to persons who sign shares.

20 Mr. MASON: I object. Evidence of the By-laws of the Company is not evidence as against a person dealing with the Company.

His LORDSHIP: What do you say to that, Mr. Robertson?

Mr. ROBERTSON: I do not agree with it at all when it comes to the matter of issuing shares and signing officers. Even in ordinary dealing unless there is something in the way of holding out, if I deal with a company I have not dealt with before I have to prove some authority in the person I deal with. If I prove a man is the General Manager I can deal with him within the Ordinary scope as General Manager. But where you come to a matter of issuing shares and issuing certificates they are not ordinary dealings. My friend sets up estoppel.

30 Mr. MASON: I am going much beyond that.

Mr. ROBERTSON: My friend sets up estoppel. I do not desire you to think that I think this is the main point in the case, but it is a defence that is pleaded and I desire to establish it if I may, that a person who desires to rely upon estoppel must have a certificate properly issued. This sort of thing is not sufficient, if a person gets a letter from the Secretary of the Company and seeks to set up the letter as estoppel. You have to prove it. When you get a certificate,—and you know often blank certificates are left with the signatures of one of the parties on,—it needs another signature, and it must be put on by an authorized person. All these things
40 must be determined by the Company.

Mr. MASON: My friend, I submit, has not met my argument at all. My argument is that when a person is dealing with a share certificate issued by a company, he has not been in acquiring that certificate, possessed of any knowledge of any By-laws of the Company except such knowledge as he is actually shown to have. If he was shown to have knowledge, that

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 10.
George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson
—continued.

is different. Then my friend himself suggested if a person were going to buy a certificate from a company he must go and examine the By-laws to see whether the certificate is in accordance with the By-laws. I submit that does not have to be done on that basis and it is not the law.

Mr. ROBERTSON : I differ so logically with my friend that we must almost argue this case. In a case where shares are issued my submission is that the certificate must be proved in the most regular way before it can be issued by the Company, before any dependence can be put upon it. If I go to John Smith who had a certificate and he produced a certificate to me, I have no warrant at all to even believe that John Smith owns the shares to the extent that it will bind anybody. If that were so it would mean a share certificate is a negotiable instrument. Everybody knows, as a matter of fact, share certificates are issued, and if a man cannot find his share certificate when he wants to transfer it is perfectly proper for the Company to issue a new certificate without calling for cancellation of the old one. The Companies Act says you have to transfer these, and the statute makes a special distinction between listed shares and unlisted shares for commercial transactions, and for stock exchange transactions you may accept certificates. There is no law you can rely on the certificate in any case I have ever seen.

10

20

Mr. MASON : I shall have the pleasure of giving my friend some.

Mr. ROBERTSON : I think I will find the cases are not what my friend thinks they are, if you get a regular certificate, properly issued.

His LORDSHIP : A certificate regular on its face.

Mr. ROBERTSON : If you get a proper certificate duly issued by the Company. If you have a certificate that is issued with every essential formality, the proper officers are on it, and it is an unlisted stock I am entitled to issue many shares and go to someone and sell him shares. The Company is not estopped from anything in the certificate. The Company can say the man sold shares to a man last week, otherwise the share certificate will become a negotiable instrument, and I think that is a fair basis. You must have the share certificate issued to John Smith properly issued, and that certificate shows that the shares covered by it are shares that have been bought, the Company cannot then, John Smith being the true owner, say these shares are not bought by shares. These are things my friend refers to.

30

Mr. MASON : Without taking your Lordship's time, I do want to object as strenuously as I may. This goes to something that is at the very root of a transaction where one is dealing with share certificates. If the proposition has to be maintained, I am not speaking of certificates that are on the stock exchange, I am speaking of ordinary certificates, if the proposition is to be maintained before a man can purchase a certificate of that kind it is incumbent on him to examine the by-laws of the Company, then I submit the law does not make it necessary to impose any such burden on a purchaser.

40

Mr. ROBERTSON : My friend is stepping aside from the point of the argument. He must be relying on the certificate. He has no transaction until he is the owner, and these shares are properly registered shares. That is where he must go. I do not say he has to look at the by-laws, although I think he would look and see if the man is a registered shareholder up to that time instead of a registered stock exchange transaction. The matter is as I have stated. It would be a most dangerous precedent to establish if anyone could rely upon the share certificate of any company. They could take a share certificate and say, I have bought it from this man, and the company is stopping registration of your certificate. One gets nowhere by going and buying one. The distinction is so marked in the cases, and the cases are well defined. Beginning with the case of what was the effect when the statute said nothing, what was the effect where shares were ordinarily dealt with by brokers, and your Lordship well knows so far as the cases go they have not yet determined whether this statute determines, that even in the case of listed shares one can treat the certificate as being negotiable. And the cases go that far. Whether the Statute goes any farther we do not know. It has never been determined in this country and has never been determined in England that anyone has any right to rely upon a stock certificate except in a case of an ordinary certificate, and the only place to ascertain that is the share register.

Mr. MASON : Beyond devoting a lot of time I am going to argue that my friend is tendering the by-laws of the company and a few moments ago he intimated if one were buying shares they would not look at the By-laws, and I am going to argue that is what my friend is asking the Court to do. The By-laws are not evidence against the plaintiff. I submit the cases leave no doubt as to that point.

Mr. ROBERTSON : I submit it is for my friend to show, and I think my friend did make some considerable effort to show that the certificate was properly signed. He asked Mr. Treadgold several questions.

His LORDSHIP : Why wasn't it signed ?

Mr. ROBERTSON : Because the Court ruled he had no authority to sign.

Mr. F. H. Chrysler was President, and he signed, and he can sign, and the second signature must be the Secretary or the Treasurer.

His LORDSHIP : How did he sign it ?

Mr. MASON : As a Director.

His LORDSHIP : You desired to ask this witness whether the proper signature is upon the certificate, or do you want to prove the By-laws ?

Mr. ROBERTSON : I want to prove what the By-law says as to who were authorized to sign certificates. We have evidence as to who the officers were.

His LORDSHIP : Without holding this is evidence against your client in this case I think I will be obliged to admit the evidence without at the present time holding it is evidence against your client.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson
—continued.

Mr. ROBERTSON : *Q.* Perhaps you can tell us which is the By-law. These are general By-laws.—*A.* The By-law is No. 33, and reads this way :

“ The certificates for shares, in the capital stock of the company shall be in such form not inconsistent with the Companies Acts or Letters Patent, as shall be approved by the Board of Directors. The certificates shall be signed by the President or Vice-President and the Secretary or Treasurer or by any two officers thereto designated and authorized by the Board of Directors.”

There is a By-law, I do not know that it is of much consequence.

“ 35. Shares of the capital stock of the Company shall be trans- 10
ferable only on the books of the Company by the holder thereof
in person or by his attorney duly authorized in writing, upon
surrender and cancellation of a certificate or certificates for a like
number of shares. A transfer of shares shall not pass the right to
any dividends declared thereon before the registration of the
transfer.”

Mr. MASON : My friend is putting in this particular By-law on the ground he wants to show the certificate was not properly signed. My friend is now asking to put in all these by-laws.

Mr. ROBERTSON : If my friend don't want them in, I don't want 20
them in.

His LORDSHIP : Put in By-law No. 33, that is all you want to put in.
How is it entitled ?

Mr. ROBERTSON : This is paragraph 33 of the general By-laws, and the second is consolidated share certificates and the transfer of shares.

Perhaps I should put in By-law 36, which reads :

“ The Board of Directors shall have power and authority to
make all such rules and regulations as they may deem expedient,
not inconsistent with the Companies Act, the Letters Patent or with 30
these By-laws, concerning the issue, transfer and registration of
certificates for shares of the capital stock of the company, and may
appoint one or more transfer agents and/or one or more registrars
of transfers : and may require all stock certificates to bear the signa-
ture of a transfer agent and/or a Registrar of Transfers.”

EXHIBIT No. 58 : Filed by Mr. Robertson : Letters Patent and
By-laws of Yukon Consolidated Gold Corpn.

Q. When the matter of the transfer of shares standing or that had stood
in the company's register in the name of Mr. Treadgold these entries in
the register I understand were cancelled as shown on the sheet of the stock
register after the judgment of Mr. Justice Davis?—*A.* Yes. 40

Q. Did the Board of Directors give any directions or instructions
with respect to the transfer of shares of persons indebted to the company?—
A. A by-law was passed on the 1st of October, 1934, Special By-law “ L ”,
covering that point.

Mr. MASON : I object to any By-law as being admissible after the date of this litigation.

Mr. ROBERTSON : This is not after the litigation.

Mr. MASON : October, 1934.

WITNESS : As I remember, November, 1934, after the demand had been made for the transfer of these certificates. Perhaps I could more accurately say, after we had demanded registration.

Mr. ROBERTSON : I expected Mr. Troop to refer to that first. Something was done then and this by-law was passed, because later in that year the Companies Act was changed, and this particular provision was altered. As it appeared in the Statute the matter was simply discretionary with the Directors. In the new Companies Act of 1934 it provided for the passing of a by-law allowing the Directors to refuse to transfer.

His LORDSHIP : If any money was owing.

Mr. ROBERTSON : If anybody was indebted to the Company.

His LORDSHIP : Was the Act before it was amended to give the Directors discretion, merely to refuse to register if the party seeking registration was indebted to the Company?

Mr. ROBERTSON : If the indebtedness is in respect to the shares and they permitted them to be transferred, not fully paid, they took a chance of having to pay themselves. The transfer to anybody without special permission of the Directors is prohibited by the Act.

Mr. MASON : If my friend will pardon me, Exhibit 17 was an exhibit which was put in signed by Mr. Troop on behalf of the Yukon Company in which he says :

“ My directors also take the position that the shares taken by Mr. Treadgold, including those shares represented by the certificate held by Mr. Worsdale, were obtained by Mr. Treadgold by fraud and were improperly issued to him.”

Mr. ROBERTSON : They refer to this very letter.

Mr. MASON : “ In this connection also they refer also to the judgment of the Honourable Mr. Justice Davis and the words used by the learned Judge.”

I submit, my lord, in the face of that repudiation of our rights to have any registration any by-law passed after that cannot be of any value here.

Mr. ROBERTSON : As I said, I expected Mr. Troop to refer to the By-law at the time the application was made. I want the By-law in to show it is still after and still was when the writ was issued or whatever kind of demand it is, I want to have it before the Court that the Company has complied with the provisions of the new Act as well. This letter does say :

“ Mr. Treadgold is largely indebted to this Company and the Directors have ordered that no transfer of any shares in his name shall be made until his indebtedness is paid.”

That was within the provision of the Statute at that time.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.

George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson.
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.

George
R. F. Troop
recalled.

Examina-
tion by Mr.
Robertson
—continued.

Q. If you will get back to the time when the application came on at the Directors' meeting there is such direction as is stated in your letter?—

A. Yes, they so instructed me.

Q. When the new Companies Act of 1934 came into force did the Company then pass a by-law of which you handed me a copy, of October, 1934?—*A.* 1934.

Mr. MASON : The same objection.

EXHIBIT No. 59 : Filed by Mr. Robertson : Certified copy of By-Law " L " of Yukon.

Mr. ROBERTSON : *Q.* Then, Mr. Troop, there was a by-law passed I think in September of 1934 with respect to some reorganization of the capital structure of the Company? 10

His LORDSHIP : This is subject to an amendment made to the pleading?

Mr. ROBERTSON : Yes.

Q. This is a certified copy of the by-law?—*A.* Yes.

Q. This by-law provided for the transfer of shares of the company, 5,000,000 preference shares into ordinary shares on a ratio of 9 ordinary shares to 5 preference?—*A.* 9 ordinary shares for 5 preference shares.

EXHIBIT No. 60 : Filed by Mr. Robertson : Certified copy of By-law " J " of Yukon. 20

Mr. ROBERTSON : Your Lordship will appreciate we were not increasing this million shares. What we were doing to absorb the treasury shares, the ordinary shares, to take care of the additional number required for the ordinary shares,—9 ordinary shares for every 5 preference shares,—instead of having 500,000 we have to have 900,000 ordinary shares in their place.

Q. This by-law was passed on the 22nd of September, 1934, and notice of motion was given on the 25th September, 1934, and Mr. Justice Fisher made an order for a calling of a meeting of the shareholders.

EXHIBIT No. 61 : Filed by Mr. Robertson : Copy of Order of Fisher, J., dated Sept. 25, 1934, ordering Yukon Consolidated to call meeting of shareholders. 30

Q. Counsel attended later before Mr. Justice Fisher on an application for the approval of the By-law after it had received the sanction of the Shareholders' meeting?—*A.* Yes.

Q. Up to that time this action had not been commenced?—*A.* No, this action was commenced in the spring.

Q. The motion before Mr. Justice Fisher was adjourned by him to permit an action to be brought for the plaintiff to establish his rights?—*A.* Yes. 40

Q. Later the matter came again before Mr. Justice Fisher on the 21st June, 1935, and he made an order approving of the arrangement to reconstruct the capital?—*A.* Yes.

EXHIBIT No. 62: Filed by Mr. Robertson: Certified copy of Order of Fisher, J., dated June 21, 1935.

Q. That has been confirmed and carried out by supplementary Letters Patent which I also put in. The Letters Patent are dated 24th June, 1935. I have the original Letters Patent, and with your permission I will file a copy.

EXHIBIT No. 63: Filed by Mr. Robertson: Copy of Supplementary Letters Patent to Yukon, dated June 24, 1935.

10 Q. Mr. Troop, are the shares of the defendant company listed on any exchange?—A. No, Mr. Robertson.

Q. Have they ever been?—A. No.

Q. Then, Mr. Troop, a Commission was issued on behalf of the plaintiff to take evidence in England in this action, for the purposes of the trial?—A. I attended at the sessions of the Commission held in England.

Q. I am talking about the plaintiff's Commission, not the defendant's.—A. I beg your pardon.

Mr. ROBERTSON: I would like to file the Commission and the return of the Commissioner that accompanies it, as returned to Osgoode Hall. The Commission is dated 4th July, 1935. The order for the Commission is attached and provided that two days' notice should be given by the plaintiff to the defendant for the taking of evidence under the Commission, and the names of the witnesses. The plaintiff was to complete the taking of evidence on the Commission on or before the 3rd of August, 1935, and the defendant was to get the liberty to call witnesses, and the Commission was to be executed and returned not later than 26th August, 1935. The Commission had named a number of persons that the plaintiff desired to examine, and permit examination of such other witnesses other than A. N. C. Treadgold, as the plaintiff desired. If the plaintiff desired to examine Mr. Worsdale he was required to give notice of that before a certain date to the Commission. The Commission permitted the examination of unnamed witnesses the plaintiff might desire to call upon giving notice. In addition to the formal return there is an accompanying letter from the Commissioner simply saying that Messrs. Broad & Son, that is the plaintiff's agents applied to him to return the Commission.

EXHIBIT No. 64: Filed by Mr. Robertson: Commission to take evidence, July 4, 1935, and Letters Rogatory, with letter from Alex. Cairns to Registrar, Sept. 30, 1935, Osgoode Hall.

Q. Now, Mr. Troop, there had been an earlier Commission on behalf of the Defendant?—A. Yes.

40 Q. That was executed?—A. In May.

Q. Did you go to England for the purpose of the execution of this Commission?—A. On both Commissions.

Q. You went for this one?—A. Yes.

Q. Did anyone accompany you?—A. Mr. Patton accompanied me.

Q. The two of you went to England for the purpose?—A. Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 10.

George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 10.
George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson
—continued.

Q. Was there evidence taken on the Commission?—*A.* No.
Q. You remained there?—*A.* I left England again on the 31st July.
Q. You stayed to within four days that would be necessary for them to give notice to take evidence by the 3rd of August?—*A.* Yes.

Q. Mr. Patton remained behind some little time?—*A.* Yes, Mr. Patton remained longer.

Q. Mr. Troop, did you in the course of your duties as Secretary of the Company become familiar with the accounts payable of the company at the time when you took office?—*A.* Yes.

Q. In Exhibit 43, the balance sheet at 31st December, 1929, the accounts payable are put in including the balance to subsidiary companies, at \$379,524.34, and the balance to subsidiary companies approximately what portion of the whole was made up of that character?—*A.* If I may consult my notes to give you that information. Approximately \$185,000 to subsidiary companies. 10

His LORDSHIP: Do you mean in cash?—*A.* Yes.

Mr. ROBERTSON: *Q.* Were these liabilities that the Company were required to pay at any time?—*A.* These were liabilities resulting from very much earlier transactions of the Company that had not been paid, and it is not contemplated they should be paid. 20

Q. Just explain that.—*A.* The greater part of that amount.

Q. What has become of the subsidiaries?—*A.* The subsidiaries are in the process of being absorbed in the Yukon Consolidated. The only one remaining to absorb is the New North West through control of their shares and stock. It is in liquidation preparing to be absorbed.

Q. The Yukon Consolidated owns practically?—*A.* Practically 90 per cent. of the total per cent. of the North West securities.

Q. You mean the income notes and shares of all classes?—*A.* Yes. May I correct the figure I gave you? I gave \$185,000, and it should have been \$285,000. 30

His LORDSHIP: Was not that payment to be provided for by taking stock in the Consolidated Company?—*A.* No, my lord. It arose in earlier transactions between the Yukon Consolidated and subsidiary companies. Liabilities had been assumed by the Yukon Consolidated under the agreement with the subsidiary companies. The Yukon Consolidated under an agreement with the E.Y. Syndicate had assumed a liability for \$180,000, that had been borrowed by the E. Y. from the New North West.

Q. What was that?—*A.* The acquirement of the Gold Fields, the Yukon Consolidated had assumed a liability of \$22,000 from the New North West Corporation arising out of some transactions by several agreements. 40

Q. The New North West Corporation happened to have some money, and that money was used in buying the Gold Field's rights?—*A.* Yes.

Q. It may be part of the consideration?—*A.* The agreement set out the money had been borrowed from the E.Y. by the New North West. The E.Y. assumed the New North West liability, and was set up in our books.

Q. At the same time that the transaction occurred the Yukon Consolidated acquired by virtue of the transaction these large holdings in the New North West?—*A.* It had acquired these holdings by the agreement of February, 1925. The taking of the liabilities to which I referred was slightly later.

Q. They executed a formal document later?—*A.* Yes.

Q. That \$180,000, as Mr. Treadgold said, never will be paid of course?—*A.* Never will be paid.

Q. You know the creditors?—*A.* As his Lordship said, it was paid in cash in the first place. Some \$285,000 of these were owing to subsidiary companies.

Q. Controlled by the Yukon itself?—*A.* That is correct.

Q. I would like you to give his Lordship the amount of holdings of Mr. Treadgold on two or three dates we are concerned in. I refer to Exhibit 7, will you take that? If you need a certain book ask for it and we will get it for you. Will you tell his Lordship how many shares were in Mr. Treadgold's name on the Company's register at the time you became Secretary? I desire you to include in that the shares that you added, that is on his furnishing you with the list we put in this morning. *A.* Mr. Treadgold held 15,500 preference shares and 2,129,997 ordinary shares.

Q. The ordinary shares that you have given the number of included the shares in certificate 0369?—*A.* Yes.

Q. Was that materially different from the shares that he held six months before? I am not now speaking according to the register, because these were not on the register, but take the register as you have it written up.—*A.* There is a difference of only four shares. In other words, he had four shares less at the later date.

Q. So that I may put it this way, that on the issue of the certificate on the 8th May, 1930, certificate 0369 and any other certificate issued on the same day, there was to his credit ordinary shares for more than the number you have given?—*A.* Yes.

Q. The preference shares were the same?—*A.* Yes.

Mr. MASON: Do you mean six months before or after May 8th?

Mr. ROBERTSON: I mean immediately on May 8th, that is six or seven months earlier than the first date. He gave me the number when he assumed office.

Q. Then of these shares to his credit on the 8th May, 1930, can you tell his Lordship how many of them came from the 1929 transaction?—*A.* 1,788,900 came from the July, 1929, transaction.

Q. That was the total number of shares in the first agreement, 12th of July, 1929?—*A.* Yes.

Q. He had to his credit certificates issued for the whole of that?—*A.* Yes.

Q. All registered in his name?—*A.* Yes.

Q. And the others came from?—*A.* The balance came from the 1925 agreements.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.

George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson
—continued.

Q. How many shares then, Mr. Troop, on May 9th, 1930, were left in the treasury, unissued shares?—*A.* It may take a moment or two to work out that figure.

Q. I thought there were no new shares issued during the period, and that is all we are concerned in is new shares. I think you have the figure for the 31st of December, 1930?—*A.* I am working back from that. At the end of 1930 there was an issued total including common and preferred 5,752,054 shares, deducting from that 1,788,900 that were issued to Mr. Treadgold. Two certificates that were issued to Mr. Treadgold in May 163,900, 163,900, which leaves a balance of 3,973,054, which was the amount outstanding before the two certificates were issued. 10

Q. I ask you how many shares were in the Company unissued?—*A.* The balance remaining in the treasury was 200,800.

Q. It must be somewhere around 247,000.—*A.* I misunderstood your question.

Q. I am asking you how many unissued shares were there?—*A.* 247,881.

Q. They were shares remaining unissued in the treasury?—*A.* Common shares remaining unissued in the treasury.

Q. There never were any shares issued on account of or in pursuance of the second agreement of July, 1929?—*A.* Yes. 20

Q. On account of the two million?—*A.* Yes.

Q. You told us of the total number of shares in Mr. Treadgold's name on the 9th of May, 1930, and we have the number that are referred to in Exhibit 2, that is the so-called deed?—*A.* Yes.

Q. Were any of the other shares standing in Mr. Treadgold's name on the 9th of May subsequently as appears by the records of the Company?—*A.* There is a record of four shares issued on December 8th, to which I referred.

Q. Any other shares dealt with by him since the 9th of May, I mean any ordinary shares?—*A.* There was a certificate for 5,000 shares which was turned in by him and exchanged on the 2nd of June, 1930, and a new certificate was issued in the name of Mr. Larmonth. 30

Q. In June of 1930?—*A.* Yes.

Q. Is that the only one?—*A.* Yes.

Q. You were speaking of ordinary shares?—*A.* Yes.

Q. Then the judgment of Mr. Justice Davis in the Patton action cancelled how many shares?—*A.* Cancelled 15,500 preferred and the balance of the 2,129,997 ordinary after making provision for shares to be allotted to Mr. Lawrence Harrison that were to come out of the number standing in Mr. Treadgold's name, and 50 per cent. to the Honourable Mr. Belcourt. 40

Q. Turned in at the same time for transfer?—*A.* Yes.

Q. They were transferred to him by the judgment?—*A.* Yes, 126,333 preferred and 4,667 preferred shares.

Q. Can you tell his lordship how many shares issued to Mr. Treadgold or his nominee, or nominees, there were that were not in his name on the register at the time of the judgment of Mr. Justice Davis?—*A.* At that time there were 350,000 ordinary shares in the name of Mr. Treadgold, nominee of Mr. Williamson.

Q. What further? You understand what I am asking, the number of issued shares that had come out of the Company's treasury to Mr. Treadgold or his nominee that were not in his name, and therefore not cancelled by the judgment of Mr. Justice Davis.—A. There were 50,570 preference and 699,963 ordinary shares.

Q. The par value of both preference and common shares is \$1.00?—A. Yes.

Q. Were these shares in the name of Treadgold?—A. Yes.

Mr. ROBERTSON: Not on the register at that time. They are shares that had been issued for Mr. Treadgold or someone else on his nomination and were not in Mr. Treadgold's name and not cancelled by the judgment of Mr. Justice Davis.

Mr. MASON: Would my friend have the names made up?

WITNESS: I have the particulars here.

Mr. ROBERTSON: This is a long affair. May I put this in as an exhibit?

Q. You have no copy of that?—A. I have it in my notes. I took it out of my notes for convenience.

His LORDSHIP: What do you say in regard to these shares?—A. These are shares that have gone out of the Company to nominees of Mr. Treadgold.

Mr. ROBERTSON: Q. Has Mr. Treadgold since the judgment of the Honourable Mr. Justice Davis accounted to the Company in respect to these shares?—A. No.

Q. Or any of them?—A. No.

Mr. ROBERTSON: You will find there is a clause in the judgment directing the cancellation of the shares in his name and then directing that he account to the Company for shares not cancelled that have been issued to him or his nominee. That is cancelled shares that were standing on the register in his name.

His LORDSHIP: What do you mean shares issued to him and not standing in his name?

WITNESS: Well, shares under the agreement of the 19th February, 1925, were to be issued to the North Fork Company or its nominees, the names of the nominees Mr. Treadgold tells me were furnished by him, and these shares on that list represent shares that have gone out from Yukon Consolidated, so Yukon Consolidated so far as I could find has received nothing identical with the name of the persons receiving the shares who, according to Mr. Treadgold, were nominated by him.

EXHIBIT No. 65: Filed by Mr. Robertson: List of shareholders who have received shares and who do not appear to have turned in securities or properties purchased by company under agreements of Feb. 19, 1925, and July 12, 1929.

Mr. ROBERTSON: Q. You have not the name of Mr. Patton who was getting shares on the list of nominees of Mr. Treadgold?—A. I have found nothing.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Q. Or Beatty or Govett?—A. No.

Q. You have included persons from whom there is no consideration to come other than an ostensible consideration coming from Treadgold and North Fork?—A. Yes.

Defendant's
Evidence.

Q. These shares were never issued to Treadgold, but they were issued to North Fork, a considerable number?—A. They were issued directly to the names of the various people, but according to Mr. Treadgold they were issued to his nominees from North Fork.

No. 10.

George
R. F. Troop
recalled.

Q. Take the first agreement.

Examina-
tion by Mr.
Robertson

Mr. MASON: Let us take the agreements, and I think we have to deal with the clauses of this transaction. 10

—continued.

His LORDSHIP: It is absolutely confusing unless I have some explanation. He says they are nominees of Mr. Treadgold.

Mr. ROBERTSON: The judgment of Mr. Justice Davis orders the shares to the North Fork and its nominees and Treadgold and his nominees in the same category. He is to account for both.

His LORDSHIP: It is on the assumption Treadgold is the North Fork.

Mr. ROBERTSON: On the finding.

Q. Just to get a few simple facts. After the 1925 February agreement that we saw yesterday, there was a certain large certificate issued to the North Fork Company?—A. Yes. 20

Q. For something over 2,000,000 shares?—A. 2,291,000 shares I think.

Q. What happened?—A. That certificate, Mr. Treadgold tells me was never used.

Mr. MASON: The witness is being asked about matters he had no personal knowledge about. He was not there. He is being asked to place his construction on certain things which are documentary evidence.

Mr. ROBERTSON: I did not intend to ask him that. I asked him to have reference to the share register and the stock certificate book.

Mr. MASON: He has no knowledge of this except the evidence of the books themselves, he was not there. 30

Mr. ROBERTSON: It is a useful way to get these figures. It does not say anything about the other matter as to which of these he finds any consideration for. Perhaps the best way would be to start off without bothering about that situation.

His LORDSHIP: I think the "situation" is the wrong word to use. I think what he meant was he had not included in these any shares which he found after they were transferred to North Fork. They were passed on to some of the parties to whom North Fork owed shares or money for the acquiring of their assets. 40

Mr. ROBERTSON: May I say, my Lord, I am not giving this particular evidence with any particular intention that you should arrive at any result. I am merely giving this as being some evidence of indebtedness; it is only a matter of accounts. That is why I did not intend myself to pursue it at

all closely, but merely as what might be deemed as prima facie evidence of indebtedness, because the judgment directs him to account for these shares.

Mr. MASON : I have been doing all I can to the contrary.

His LORDSHIP : What you are now doing is, you are endeavoring to establish some prima facie evidence of indebtedness of Treadgold to the Company ?

Mr. ROBERTSON : That is why I intended to bring that evidence in.

Mr. MASON : My friend need not concern himself, as I had not concerned myself.

10 His LORDSHIP : He is not concerning himself half as much as I am about it. It is very hard to understand. I have to take most of this on wing.

Mr. ROBERTSON : I was not intending to pursue that particular matter any further than get a general statement on the record.

His LORDSHIP : Perhaps I might have a copy of the judgment or the closing passages of the judgment of Mr. Justice Davis.

Mr. ROBERTSON : I was going to read it to you at some time.

20 Q. Then, Mr. Troop, one other matter about shares : The By-law that I put in a little while ago for the reorganization of the capital structure of the company took effect after its approval by the Court. How many shares, how many ordinary shares remained in the treasury after allowing for the conversion of preferred shares or ordinary shares in the ratio of 9 to 5 ? What I desire to show is, how many shares would be available now to satisfy the certificate in question ?—A. 1,434,686. In other words, these are the shares remaining in the treasury at the present time.

Q. In making your computation have you made any allowance for the shares that are claimed in what is called the Weinheim action ?—A. No.

Q. How many shares are involved in that ?—A. About 35,000.

Q. Then there is the Moquin action ?—A. That is for 50,000 shares.

30 Q. The Bouck action ?—A. Mr. Bouck claims, I think, 100,000 shares.

Q. Let me ask you as to these actions, Moquin claims as holder of certificates issued in July, 1929, in whose name ?—A. Moquin's certificates were actually filled out in his own name.

Q. He claimed his certificates in his own name ?—A. Yes.

Q. The Bouck action and the Weinheim action are based upon ?—A. Certificates issued in Mr. Treadgold's name.

Q. And never registered ?—A. Yes.

Mr. MASON : One of these is 116,100.

40 His LORDSHIP : Part of that certificate is required to make up 1,150,000.

Mr. MASON : Our rights would be subject to any prior rights.

Mr. ROBERTSON : Q. Were there in any of these actions, in the Weinheim suit, the Moquin suit and the Bouck action—is there any deed by Treadgold in question ?—A. Not that I have seen.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.

Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.

George
R. F. Troop
recalled.

Examina-
tion by Mr.
Robertson

—continued.

Mr. MASON : Now, my lord, surely——

His LORDSHIP : What did you mean by deed ?

Mr. ROBERTSON : My friend in re-examining Mr. Treadgold referred to the letter of Weinheim, as to what it referred to, and Mr. Treadgold entered into an explanation which brought Mr. Weinheim into this story. I am merely asking the witness whether in this case there was any deed set up.

Mr. MASON : Are we to find that out from this witness ? We have not heard anything of the Weinheim action from this witness.

Mr. ROBERTSON : Are you suggesting I should know if he knows 10 about it.

Mr. MASON : My friend says he is endeavoring to trace the certificate. He has mentioned Bouck and Moquin, but doesn't mention Weinheim.

Mr. ROBERTSON : Yes, I did. The pleadings were delivered in this action.

WITNESS : I was examined for Discovery in the Weinheim action.

Q. Is there any question of any deed in any of these——

Mr. MASON : How could he possibly know ? The Pleadings might not say anything about it.

His LORDSHIP : The word " deed " is rather a loose word to use all 20 through this case, unless you are referring to a deed of transfer.

Mr. ROBERTSON : My friend in endeavoring to get an explanation from Treadgold of what his reference was to deeds executed in 1930——

Mr. MASON : My friend examined him and put in the letter.

Mr. ROBERTSON : I put in the letter and my friend asked for an explanation of the letter.

His LORDSHIP : You put in the letter and asked in regard to the letter, and you said in regard to the letter to Weinheim, you stated, did you not, that in the letter it referred to the deed, Exhibit 2, with Miss Kahn ?

Mr. ROBERTSON : Certainly I did. My friend re-examined and gets 30 a statement from him. There were a lot of other deeds, and the names he mentioned in that connection are names of some of the plaintiffs in these other actions. They were getting shares, and all I desire to get from this witness is whether in these actions there are not deeds set up.

Mr. MASON : I submit that is not a question that is competent to the witness.

Mr. ROBERTSON : I should think that my friend's question this morning was a questionable one. He got the witness to give evidence in regard to a document which may not be in existence. He does not call Weinheim, and does not produce the documents. 40

His LORDSHIP : What does this witness know about it ?

Mr. ROBERTSON: He knows the pleadings and attended on the examination of the parties. He knows what has been presented to the Company before the actions were taken for the purposes of transfer.

His LORDSHIP: Let us cut the matter short, are there no pleadings in the case?

Mr. ROBERTSON: They are all set down for trial.

His LORDSHIP: The Statement of Claim would set out what they are relying upon to a certain extent.

Mr. ROBERTSON: For the moment I would like to ask the witness if there was any deed presented in connection with the request for a transfer by any of these people.

His LORDSHIP: Is that a foundation of title?

Mr. ROBERTSON: The word "deed" is not my word.

Mr. MASON: How will the witness know what a deed is? I cannot cross-examine on any answer given to a question of this kind.

Mr. MASON: My friend said what other deeds were there, Mr. Treadgold, and I cross-examined.

Mr. ROBERTSON: Well, the witness told my friend the names of people.

His LORDSHIP: He said last evening, I think I can satisfy you on that point.

Mr. ROBERTSON: The question he was going to satisfy me on was not any such question as my friend put. I did not ask Mr. Treadgold to satisfy me by his statement.

His LORDSHIP: You are not quite as easily satisfied.

Mr. ROBERTSON: I asked about deeds and for the production. My friend goes on and gets all this list of names about which we know nothing.

His LORDSHIP: Ask him the question if he knows. Let me say to you, unless you do know, and if it is something outside of your knowledge—you are a lawyer, are you?—A. No.

Mr. ROBERTSON: Q. Were applications made to you by any of these people, Moguin you told about, were applications made out in the Weinheim action or by Mr. Bouck for a transfer?—A. An application was made by Weinheim for a transfer.

Q. What did he do?—A. He made no application for a transfer in his own case until he started the action.

Q. What did Mr. Weinheim produce to you?—A. He produced nothing, only told me what he had, and applied to have shares transferred.

Q. I want to ask you about one or two names that were mentioned, Mr. W. E. Martyn was referred to by Mr. Worsdale. Is Mr. W. E. Martyn a shareholder of the Company?—A. Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson.
—continued.

*In the
Supreme
Court of
Ontario.*

Q. That is the English solicitor?—*A.* Yes.

Mr. ROBERTSON: He is an English solicitor, my lord.

(Court adjourned until 10.30 a.m. November 1st, 1935.)

Defendant's
Evidence.

Morning Session, November 1st, 1935, 10.30 a.m.

No. 10.
George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson
—continued.

EXAMINATION OF G. R. F. TROOP by MR. ROBERTSON (Resumed):

Mr. ROBERTSON: I just wanted, my lord, to add a couple of items to what I was calling the prima facie evidence of indebtedness of Treadgold. My friend will understand I am not putting this forward as something upon which you will pass final judgment, simply to show there are matters to be accounted for and prima facie evidence of indebtedness. 10

Q. Mr. Troop, under the judgment of Mr. Justice Davis the Company, the Yukon Company, was ordered to pay the plaintiff's costs and then Treadgold and the North Fork Company were ordered to recoup the defendant company?—*A.* Yes.

Q. These are the costs?—*A.* Yes.

Mr. MASON: This is a matter arising after the tender of our certificate.

His LORDSHIP: The judgment was with costs?

Mr. ROBERTSON: With recourse over against Treadgold. The amount that was fixed for us to pay under this was \$17,189.31. 20

Q. And the Company paid that amount to the plaintiff?—*A.* Yes.

EXHIBIT No. 66: Filed by Mr. Robertson: Taxing Officers' certificate dated June 13, 1934.

Q. Then I produce a note of the Yukon Consolidated Gold Corporation to Alfred Herbert Blundell, dated 25th February, 1929, signed, per A. N. C. Treadgold.—*A.* Mr. Treadgold signed the note. The note is made by Mr. Treadgold as President of the Company for £2,000. Incidentally it is headed 8 Queen Street, London.

His LORDSHIP: Was the Company called upon to pay the note?—*A.* The Company paid the note. Mr. Blundell obtained judgment against the Company, and the Company paid the judgment in March, 1932. 30

EXHIBIT No. 67: Filed by Mr. Robertson: Protest with notes of Yukon Consolidated for £2,000 attached and Blundell's cheque attached, dated Feb. 25, 1929.

Mr. ROBERTSON: *Q.* That is endorsed by?—*A.* Mr. Treadgold.

His LORDSHIP: There is nothing before me so far as I am concerned that the Company did not get consideration for the cheques.

Mr. ROBERTSON: The note and the cheque are the same amount.

His LORDSHIP: You have not gone further to show that the Company did not get any consideration. 40

Mr. ROBERTSON : I submit a prima facie case is proved, Mr. Treadgold got the note at the time, and he gets Blundell's cheque, and he must account for that. I am merely tendering it as prima facie evidence.

Q. There is attached to the English Commission in this case in the evidence of one Hadrill there is an exhibit marked H.C.H. 1. Attached to that exhibit and forming part of it are three notes of the defendant company, all dated 23rd October, 1930, for a total of £5,000. The notes are notes of the defendant company signed by Mr. Treadgold as president? —A. Yes.

10 Q. Did the Company pay these notes?—A. Mr. Hadrill brought suit against the company, and the matter was settled, and the Company paid the notes in the fall of 1934, and will pay the balance at the end of this year.

EXHIBIT NO. 68 : Filed by Mr. Robertson : Correspondence and three cheques.

CROSS-EXAMINATION by Mr. MASON.

Q. Will you get the share register in which the share certificate 0369 appears?—A. I have the sheet here, Mr. Mason.

20 Q. I want you also to have before you the book of stubs. Will you give me Exhibits 55 and 65? Apparently, Mr. Troop, you have occupied two different positions in connection with these matters, one as investigator in connection with the Clarkson investigation, and one as Secretary of the Company?—A. Yes.

Q. When did you become associated with the Clarkson inquiry?—A. I was by the way representative of the Ottawa firm at that time, with my appointment of Secretary-Treasurer of the Company and the investigation commenced early in January, 1931.

30 Q. When was the investigation first mooted, to your knowledge?—A. I remember attending at a meeting with Mr. Treadgold in the office of the Secretary of State in the latter part of December, 1930. I was attending on behalf of the Company.

Q. What time in December?—A. I should say it was around Christmas.

Q. Can I take it that you knew at the time of your appointment the investigation was to be held?—A. No, I did not.

Q. You knew it was in a few days later?—A. Was in a week or ten days later.

Q. You were appointed Secretary on December 15th?—A. Yes.

40 Q. Do you mean the actual setting of the inquiry commenced early in January?—A. I think Mr. Clarkson took some evidence about the third week or the last week in January.

Q. Prior to that time were you making an investigation for the purpose of the inquiry?—A. I did very little for the inquiry until I should say not before February. My first work was on the share records of the Company.

Q. What were you doing in connection with the share records?—A. The Annual meeting had been called for the 30th of December. The share

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Examina-
tion by Mr.
Robertson
—continued.

Cross-exa-
mination
by Mr.
Mason.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.

George
R. F. Troop
recalled.

Cross-exa-
mination
by Mr.
Mason—
continued.

records were not complete. The Board had referred them to a firm of auditors in Ottawa.

Q. Who?—*A.* Denison & Holton Company.

Q. Mr. Denison worked on it?—*A.* Yes.

Q. Were you given any of the fruits of Mr. Denison's labors?—*A.* I was given a list of the shareholders which he had prepared.

Q. Have you that list?—*A.* Yes.

EXHIBIT No. 69: Filed by Mr. Mason: Typewritten list of shareholders as at Dec. 30, 1930, ordinary shares.

His LORDSHIP: Why was it referred?—*A.* The share records of the company were not fully written up, and the Board referred them to Mr. Denison to see if he could write them up. 10

Mr. MASON: *Q.* What time would that be?—*A.* Speaking from the Minutes I think either late in November or early December.

Q. Of 1930?—*A.* Yes.

Q. He gave you this list, No. 69?—*A.* As to who gave it to me it would be either Mr. Treadgold or Mr. Denison.

Q. Have you any recollection?—*A.* Not very clearly at the present time.

Q. Is there anything in this document in your writing?—*A.* Yes, at the top of the first page a note, "Mr. Denison's list." 20

Q. That is scratched out?—*A.* The list was re-typed after I made some changes, and if I remember I did not want the girl to re-type that notation.

Q. What else is yours?—*A.* These figures 60,001 on the first page. Then the corrections on the second page under the letter "G" in type-writing in red pencil and also black ink. Under the letter "I" all the black ink changes.

Q. They are yours?—*A.* I think they are.

Q. And the red marks are yours?—*A.* Yes, I think they are. 30

Q. Will you please tell me the relationship between 69 and 55?—*A.* Well they are both lists of shareholders of the company.

Q. How do they compare with each other in their property?—*A.* I cannot tell you. I got one list from Mr. Treadgold and the other from Mr. Denison, or Mr. Treadgold.

Q. Isn't it a fact you participated in the work bringing about 55?—*A.* No.

Q. Had you anything to do with 55?—*A.* No, I got it from Mr. Treadgold.

Q. Had you anything to do with the preparation which led to that list, Exhibit 55?—*A.* Not to my recollection. 40

Q. Were you doing any work with Mr. Treadgold? Were you investigating the records with him?—*A.* Yes.

Q. Before that list was prepared?—*A.* No. I saw the list as I recall it.

Q. I want you to be clear?—A. I think I can be clear. I made a change on the list itself when I first took it. The list was originally dated December 14th, 1930. I scored out 14 and put 23. That is the date I got the list.

Q. Are you sure?—A. I am reasonably sure.

Q. Reasonably sure as far as you can go?—A. Yes.

Q. Did you prepare the entries in the share register exclusively from this document 65?—A. From that document and the stubs.

Q. So take in certificate 0369 you did not have to have any record for Exhibit 55?—A. I could have got the same information from the stub book.

Q. Let us see the stub. I am afraid we will have to put this in as an exhibit.

EXHIBIT No. 70 : Filed by Mr. Mason : Share certificate book commencing 0251.

Q. I take it as Secretary you have been over new exhibit 70?—A. Yes.

Q. You can tell me whether there is any discrepancy between 70 and 55?—A. There were one or two errors on 55, Mr. Mason. I see I made a correction here.

Q. With the exception of slight errors which you are going to tell us about, Exhibit 55 is in harmony with Exhibit 70?—A. I believe it is substantially so. I think I checked one against the other.

Q. As a matter of fact there are check marks on Exhibit 55 which are the result of your checking with Exhibit 70?—A. Yes.

Q. It is quite obvious that Exhibit 55 is a list prepared from the stub book?—A. It goes a little further than that.

Q. Wouldn't it be obvious to your mind that would be the source of the information?—A. Mr. Treadgold had a great many lists; whether he prepared it from the stub book I do not know.

Q. From your observations you cannot tell us?—A. I checked one against the other.

Q. So far as any certificates that have been mentioned in the action, is there any difference between what is shown on Exhibit 70 and Exhibit 55?

Mr. ROBERTSON : I think that is a matter of argument.

Mr. MASON : I am merely indicating, as indicated by the records.—A. The list refers to the ownership of the certificate.

Q. I am merely dealing with the matter we are discussing.—A. As far as the two certificates in question in this action, the list and the stub book are in agreement.

Q. Are there any other certificates in this action that have been mentioned that are not in agreement?—A. I believe not.

Q. You say that?—A. There is no great significance. There is one correction I made, certificates 53 to 57 entered at 60,000, I changed that to 50,000. That is in Mr. Treadgold's name, certificates 53 to 57. I see Mr. Treadgold has entered on the list original numbers 53 to 58 grouped

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.

George
R. F. Troop
recalled.

Cross-exa-
mination
by Mr.

Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 10.

George
R. F. Troop
recalled.

Cross-exa-
mination
by Mr.
Mason—
continued.

together under the name of A. N. C. Treadgold and totalling 60,000. When I got the stub book I found that fifty was not cancelled, was not outstanding, and I found there was only 50,000 instead of 60,000 outstanding. I corrected the list and made it 50,000.

Q. There were originally stubs for 53 to 58 share certificates representing 60,000, but stub for No. 58 certificate has come home again for 10,000 representing sixty to fifty thousand?—*A.* That is the correction I made.

Q. That 58 was a certificate dated 28th February, 1925, originally?—*A.* Yes.

Q. And apparently that certificate was assigned to McConnell, Belcourt and others, in all four shares?—*A.* Yes.

Q. That is the four shares you referred to yesterday?—*A.* Yes.

Q. I suppose a new certificate was issued for the balance?—*A.* Of 9,996.

Q. There is no distinction?—*A.* No, except the list is not quite the same.

Q. Is there anything else?—*A.* There is nothing I can see. There is nothing I can see affecting this action.

Q. So far as the number of shares is concerned, is there anything?—*A.* No.

His LORDSHIP: I am not sure about certificate 58. What does the witness say?

Mr. MASON: He said there were stubs of six certificates for 10,000 each that made 60,000 shares. On December 19th, 1930, four shares were transferred out of 58 and a new certificate issued for 9,996 shares. There is nothing really we need concern ourselves about in that.

Q. Have you that share register here, Exhibit 7?—*A.* I have the original share.

Q. Were there any entries made on Exhibit 7 before you assumed its custody?—*A.* Yes.

Q. Up to what date?—*A.* The last date looks like December 9th, 1928. The typewritten figures were on the return sheet when I received it.

Q. Are all subsequent entries yours?—*A.* All numbers in ink are mine. There were a number of pencil notes on when I seen it, all ink entries are mine.

Q. Would your work involve, in order to bring the certificates up to date, to properly enter in the certificate, enter in the stubs?—*A.* Yes.

Q. You told my friend that on the 9th of May, 1930, there were outstanding 5,752,054 shares.—*A.* I believe that is correct.

Q. Ordinary shares and preferred?—*A.* Ordinary and preferred.

Q. You said that at some date there was unissued shares to the extent of 247,881?—*A.* I believe that is the same date.

Q. I have taken you down as saying not issued at the end of December, 1930.—*A.* The not issued figure at the end of December is 247,946. That is the unissued figure at the end of December, 1930.

Q. Will you give me the unissued shares as of the 12th of July, 1929, after the allotment of the 1,788,900? Perhaps we had better say unallotted.—A. You find a difference between unissued and unallotted, when you speak of unissued shares to me, you mean unallotted. When I speak of unissued I speak of shares that we have not given out.

Q. The difference between shares for which certificates have been issued and the total capitalization, we will call it unissued shares.—A. If we said the shares remaining in the treasury would be a simpler matter. The figure remaining in the treasury at the 12th of July, 1929, I saw at
10 788,900.

Mr. ROBERTSON: You saw a sheet, you mean by sheet what?—A. That was the shares that had gone out in the form of share certificates; it is difficult for me to say exactly when the certificates were issued.

Q. What I mean is, the shares that are in question, 1,788,000 odd had been allotted but had not been issued.

Mr. MASON: I think Mr. Troop said treasury shares. He meant shares nobody was entitled to have issued to them.

WITNESS: I meant by that treasury shares.

Mr. MASON: Tell us the treasury shares on the 12th July, 1929.—
20 A. After the allotment of 1,788,000?

Q. Yes.—A. The balance available in the treasury on the 12th July after the allotment of 1,788,000 I make as 263,226 the balance remaining July 12th.

Q. Have you taken into consideration in arriving at these figures any unused balance in the hands of Sir H. Moore?—A. No, I have treated these as issued shares, the certificates having gone out.

Q. Tell us what happened with regard to that, so we will get that clear.—A. I could tell you what Mr. Treadgold told me about it, 200,000 shares had been issued in the name of his nominee Williamson, Treadgold
30 said were delivered to Sir H. Moore to secure him in his position as Receiver of the Granville Mining Company. The assets of the Granville Mining Company had been vested in Yukon Consolidated or were to be turned over to the Yukon Consolidated under a scheme of exchange approved by the English Courts. Under the scheme of exchange the Yukon was to issue certain shares to the outstanding creditors of the Granville Mining Company. There was an obligation resting on the Yukon Company under the scheme of exchange. Mr. Treadgold said to secure the liquidator or protect him to put 200,000 shares in his hand.

Q. Who is that?—A. Sir Harold Moore.

40 Q. Did you state Sir Harold Moore?—A. The Company stated Sir Harold Moore.

Q. Was the result of the action?—A. I believe a settlement is being discussed.

Q. There has been some question between the parties I do not fully understand, about that 60,000 shares in an action pending against Sir Harold Moore. That action is pending in England?—A. Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 10.

George
R. F. Troop
recalled.

Cross-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

Q. You say 200,000 shares?—*A.* We are speaking of issued shares where the certificates have gone. The two certificates for 200,000 shares, Mr. Treadgold told me he lodged with Sir Harold Moore, Receiver of the Granville Mining Company. So far as I know Sir Harold Moore still has them. The Company has brought action to recover them.

Q. Against Sir Harold Moore?—*A.* As Receiver of the Granville Company, and the suggestion is that the shares were transferred to him for the purpose of satisfying him, but as liquidator he had to protect himself to the extent that those who had claims each were to get Yukon shares, and out of these certificates he was to satisfy them. That is what Mr. Treadgold told me was the arrangement. 10

Mr. MASON: The question seems to be whether or not these shares are treasury shares or not treasury shares.

WITNESS: That is it, Mr. Mason, the certificates have gone.

Mr. ROBERTSON: These shares were part of the shares allotted to the North Fork under the 1925 agreement?—*A.* Yes.

Q. Mr. Treadgold had certificates that finally got into Williamson's name and deposited to Sir Harold Moore?—*A.* Yes.

Mr. MASON: *Q.* Next you were asked if any shares were subsequently dealt with by Mr. Treadgold, that is any shares after the 9th of May, 1930, and I think your answer was, just two, one 4 shares, which we heard of this morning, and another 5,000 shares to N. G. Larmonth, is that correct —*A.* Yes. 20

Q. Is it not a fact that the 5,000 shares to Larmonth were merely a substitution for a previously existing certificate?—*A.* I do not think so, I will look up my record.

Q. I am not sure I have the right certificate number, I would ask you to look up certificate 302. Are these certificates numbered?—*A.* Yes. 302 is not the one.

Q. Haven't you Larmonth's share registered here?—*A.* I have the certificate issued to Larmonth, and that is No. 457. Here is the certificate to Mr. Larmonth, 457 for 5,000 shares. That seems to come from No. 304. 304 was issued to Treadgold on the 9th of July, 1928. That was a small transfer. 30

Q. The substitution of the new certificate for the old that brings us to this, that the only shares dealt with by Treadgold after the date mentioned were the four shares to which reference was made this morning?—*A.* Yes. The Larmonth share was issued on the 11th June, 1930.

His LORDSHIP: I thought it was the 9th of May, 1930.

Mr. MASON: You said these were issued after the 9th of May, 1930. 40

Q. Now it appears it was only issued in substitution. The first certificate had been Treadgold and the new one was issued to Larmonth. Larmonth simply exchanged the certificate with Treadgold and received it in his own name?—*A.* Mr. Larmonth turned in the old certificate and got a new certificate on the 9th of June, 1930, in his own name.

Q. Then you next told my friend that certain certificates had been preserved, one of Mr. Belcourt's for 60,000?—A. Yes.

Q. Harrison to the extent of 166,633 and 6,667?—A. Those were not cancelled.

Q. How was that 6,667 determined by you?—A. I do not recall that I determined it. There was some considerable discussion in Court, and the Judge arrived at 6,667.

Q. You did not fix it?—A. I had some part in the discussion, but the figure was arrived at by him.

10 Q. Did the shares 50,570 preferred shares and the 99,663 ordinary shares come out of the 1925 issue?—A. Yes.

Q. You have given us a list of these shares?—A. Yes.

Q. The preparation of the list was got up by you in the way indicated, if you could not find the names of the people associated with the claim you put them in the list?—A. Could not identify as coming in from them.

Q. You could not find any names and consequently put them in this list?—A. Yes. I might explain on two points, the 200,000 shares under Mr. Williamson's name, they figure in a slightly different category to the others. He was associated in the first trial of the Patton action, and has
20 been declared so many times to be the nominee of Mr. Treadgold. In the list filed I think you will see the total sum of 109,000 shares issued from the London office and the balance is Ottawa, and the balance is shown from figures from the London office issued by Mr. Corbett who gave evidence on the Commission.

Q. You mentioned Mr. Williamson's shares, there were 350,000?—A. Originally there were 750,000.

Q. At the time of the action there were 350,000 in Williamson's name?—A. Yes.

30 Q. Did Mr. Williamson say he had no interest in these shares, they were Mr. Treadgold's shares?—A. Yes.

Q. In making this computation for his Lordship you have not included these 350,000 shares as Mr. Treadgold's?—A. No.

Q. Where would you have to add to the computation if they are to be treated as Mr. Treadgold's shares?—A. I have kept Williamson and Treadgold quite separate.

Mr. ROBERTSON : You are not speaking of the 600,000 ?

Mr. MASON : No.

Q. Now you said something in your evidence about 50,000 in connection with Mr. Williamson, did you?—A. I do not remember.

40 Q. Will you tell me what relationship the common shares in Exhibit 65, under the name of Williamson, 200,000, have to the 350,000?—A. They are part of it.

Q. Can you tell me why these 200,000 were put in when there was 350,000?—A. 150,000 were cancelled by the Supreme Court of Ontario. These 200,000 on the list represent the 200,000 in the hands of Sir Harold Moore. If they are returned to us we propose to make application—

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Q. Are these 200,000 shares part of the 350,000 Williamson shares?
—*A.* Yes.

Q. Were these shares in the hands of Williamson at the time the action was disposed of?—*A.* Yes.

Defendant's
Evidence.

Q. Were they affected by the order of the trial?—*A.* They were affected the first trial. At the second trial Mr. Williamson was not a party and no order was made. My recollection of the judgment is Mr. Treadgold's interest was cancelled.

No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

Mr. ROBERTSON: It cancelled them so far as Mr. Treadgold is concerned. It declares Mr. Treadgold has no right to them. It reserves any right of Williamson and any right of Sir Harold Moore. We have since cleaned up Mr. Williamson's interest in the 150,000 he continued to hold. The 200,000 that were lodged with Sir Harold Moore are the subject of the action. 10

Mr. MASON: *Q.* I am not going to trouble you with the details, except to the extent evidence has been given as to certain shares in Mr. Treadgold's name, and I want to show that Mr. Williamson, who held 200,000, said they were Treadgold's and he had no interest in them. You were referring to the judgment of Mr. Justice Raney, and that judgment was set aside owing to the death of the reporter?—*A.* Yes. 20

Q. That is by the Court of Appeal?—*A.* Yes.

Q. A new trial was necessary?—*A.* Yes.

Q. As a matter of fact you said, I think, to my friend yesterday certain of these certificates were cancelled after the judgment of Mr. Justice Davis. Is it not a fact they were cancelled immediately after the judgment of Mr. Justice Raney?—*A.* In the first instance.

Q. That was done against the protest of the Honourable Mr. Belcourt?—*A.* Yes.

Q. Notwithstanding that objection made that it was premature to cancel the company did cancel after the judgment of Mr. Justice Raney?—*A.* Yes. 30

Q. I want to ask a further question about this to conclude it. Did you say yesterday you obtained an order to transfer the shares as Mr. Treadgold's nominee?—*A.* I did not mean to say so, if I did say so.

Q. Coming next to these shares which you say remained in the treasury after providing for these various cancellations and making the adjustment that was ordered in the rearrangement scheme, you say there are 1,434,686 shares, and I understood you to say, and I want you to correct me if I am wrong, these would be the only shares available to ensure Mr. Clark's claim, Mr. Weinheim's claim, Mr. Moguin's claim and Bouck's claim, if the claims were successful?—*A.* If Mr. Clark's claim for the full amount of 1,750,000 is successful, that is correct. If he claims 1,750,000 there is only 1,400,000 odd. 40

Q. What relationship in your estimate, if any exists, between 1,434,686 and this 50,570 preferred shares you figured out beforehand?—*A.* No, I cannot think of any, no relationship as far as I know.

Q. Have you worked out so you can give it to us without my taking you over it in detail, how you arrive at 1,434,686?—A. If I might suggest, it is outstanding shares in the Company's ledger at 1934. There have been issues resulting from the operations in preferred shares this year and there are certain issues to acquire security so it will bring the total of all shares issued up, and the balance is in the treasury.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

10 Q. I want to get at what shares remain in the treasury as a result of the rearrangement, not as a result of any subsequent dealings the Company may have made over other matters?—A. That becomes a question of dates.

No. 10.
George
R. F. Troop
recalled.

Q. Have any shares been issued by the Company other than following the rearrangement scheme approved by the Court?—A. Yes.

Cross-exa-
mination
by Mr.
Mason—
continued.

Q. To what extent?—A. To the extent of 250,000 shares, we have income notes from the New North West Company, approximately 400,000 odd shares. The consolidation is still going on. Prior to taking proceedings to wind up the New North West Corporation we acquired practically all the outstanding notes.

Q. As a result of the rearrangement approved by the Court certain shares are issued?—A. Yes.

20 Q. And then in addition to these shares you have issued some 400,000 odd shares in respect to these income notes carrying out the plan of consolidation?—A. Yes.

Q. Can you give me a statement which will indicate the amount left in the treasury as a result of the rearrangement approved by the Court and then draw a line and show in addition to that what shares you have issued?—A. Yes.

Q. It will take some time?—A. I can make it out in a moment.

His LORDSHIP: I would like the statement put in writing.

30 EXHIBIT No. 71: Filed by Mr. Mason: Mr. Troop's calculation of common shares in treasury. (1,434,686).

Mr. MASON: Common shares, balance 31st December, 1934, 3,212,908; Issued following exchange plan (re preferred shares, 883,983. We add to that, Issued for securities of New North West. By that you mean income in these?—A. There are a few other common shares, 468,423, making a grand total of 4,565,314, which deducted from 6,000,000, leaves a balance of 1,434,686.

Q. That is the balance in the treasury?—A. Yes.

Q. You were suggesting there would be a claim by the Yukon Company against Mr. Treadgold in respect to the 699,603?—A. Yes.

40 Q. You say that would not affect this? — A. We cannot get the shares back. The shares are out and registered in the names of their holders. We have claims against them.

Mr. ROBERTSON: Six hundred odd thousand are shares that have passed from Mr. Treadgold into other people's hands, and have been issued for a long time, and he has to account for them.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

His LORDSHIP: They are admitted claims against the Company.

Mr. ROBERTSON: They are outstanding shares in the hands of unregistered shareholders.

Mr. MASON: *Q.* I want to ask a few further questions about Exhibit 65. Have you taken into consideration in the preparation of Exhibit 65 any interest of Harrison's in Burrall & Baird?—*A.* No.

Q. Have you prepared that on the assumption that Harrison never had any interest to assign?—*A.* I never thought of Harrison in that connection at all. I do not know yet what he has to do with it. I have not considered Mr. Harrison or what his interest is. 10

Mr. ROBERTSON: The Harrison shares were issued to Harrison by the Company under the judgment, not in the Harrison action. They did not enter into it to the extent that Harrison got the shares, they are treated as shares for which the Company got value, and they are not in the list.

His LORDSHIP: Has any claim Harrison has against the Company been fully satisfied?—*A.* Yes.

Q. The claim Harrison had against the North West Company?—*A.* Yes, it was covered by the judgment of Mr. Justice Raney in March, and the judgment satisfied that claim.

Mr. MASON: Where did the shares come from?—*A.* On the books 20 we show that as a reduction against Mr. Treadgold's holdings.

Q. They are charged to Mr. Treadgold?—*A.* On the register, yes.

Q. Did you state previously that you had found an item of \$4,000 which had been paid from Mr. Treadgold's transfer account as part of the consideration for the Peterson interest?—*A.* I do not think I could have said dollars. I may have said pounds.

Q. You did find in connection with the consideration paid for the Peterson interest a considerable sum of money had been put through Mr. Treadgold's personal account?—*A.* I would not like to say that. There are so many qualifications. A great deal of money went into Mr. Treadgold's account for which we may be liable, including the Blundell money. I do not know out of what funds he made the payment. 30

Q. Did you or did you not say previously that a considerable sum of money had been paid from Treadgold's account as part of the consideration for the Peterson interest?—*A.* I believe I did.

Q. Do you remember anything about the amount?—*A.* I think in the neighbourhood of £4,000.

Q. Do you remember any reference you made to some other £1,000 in this same connection?—*A.* Not in this action. I gave evidence in the Davis and Raney trials. 40

Q. Did you say anything there about other moneys you found that had been advanced from Mr. Treadgold's personal account for the purposes of the Company?—*A.* I think I have.

Q. Can you tell us about them now?—*A.* A great deal of Company's funds went into Mr. Treadgold's personal account. The Company borrowed money, but Mr. Treadgold put it in his personal bank account.

Q. How do you know?—A. I know from the bank accounts, and Mr. Treadgold's explanation to me. From this bank account many payments were made for expenses and many payments were made from Mr. Treadgold's personal account. That was the practice followed by Mr. Treadgold. The Company has had claims from various people who advanced money to Mr. Treadgold he put in his personal bank account. We paid some and others we are resisting. It all forms part of the accounting which we consider we have against Mr. Treadgold.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.

George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason.
—continued.

10 Q. There would be a number of items of this kind you would have to consider in detail to find out where they are?—A. Some we would have to charge Mr. Treadgold with and some we would have to give him credit for.

Q. I am still questioning you with reference to your Exhibit 65. I note that in Exhibit 37, which is an agreement of the 12th July, 1929, between the North Fork Power and Yukon, there is a provision for the transfer to the Yukon of certain interests?—A. Yes.

Q. These interests include 455,686 income notes of New North West Corporation, Limited?—A. Yes. Additional interest is set out on page 3. The first is what is acquired, and the second page is what is to come.

20 Q. Paragraph 1 says: "The vendor hereby agrees to sell, transfer and convey all its right, title and interest in the said securities, shares and interest hereinafter set out."

That is what it sells as set out?—A. Yes.

Q. The consideration for the sale in paragraph 2 is \$1,788,900?—A. Yes.

30 Q. "The vendor covenants and agrees that it will use its best endeavour to acquire the following additional securities, namely:—\$414,730 income notes of the New North West Corporation, Limited. \$149,848 preferred "A" stock of the New North West Corporation, Limited."

A. That is the amount.

Q. That is the amount to which you have been referring?—A. Yes.

Q. Do you know how many of these 414,730 came into the Yukon?—

A. At the present moment—

Q. Are these the income notes that have been acquired and cleaned up since this litigation?—A. Substantially.

Q. Did you know in making up Exhibit 65 either of these things, first the names of the beneficiary holders of the income notes referred to in the 455,686 and secondly in the 414,730?—A. I believe I knew both.

40 Q. In detail?—A. Yes, in detail.

Q. I want to know whether in preparing 65 you took into account the individual holders?—A. That is exactly what I did do. That is exactly how Exhibit 65 was made up, I took into account the individual holders of these securities.

Q. Do any of the names of the individual holders of securities appear on Exhibit 65?—A. Not that I could find.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 10.

George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

Q. I do not wish to pursue this question of indebtedness at any length. Do you know that Mr. Treadgold has advanced various claims against the Company alleging that the Company is indebted to him?—*A.* I believe he holds that opinion that the Company is indebted to him, he has made certain claims in regard to it.

Q. I believe in some previous trial, you referred to some claim Mr. Treadgold has for a large amount, \$137,000.—*A.* Mr. Treadgold put forward a claim of that amount.

Q. For what?—*A.* Supplies and assets of the Yukon Gold Company in New York which he claimed had been used by our company. 10

Q. When?—*A.* During 1926 to 1930.

Q. What about the assets transferred under the agreement of the 16th of July, 1929?—*A.* These assets of the Yukon Gold Company are included in the agreement.

Q. Were other assets included in the agreement in respect of which he put forward a claim?—*A.* Not that I recall.

Q. Do you say he did or did not, or do you recall?—*A.* My recollection is that he did not.

Q. Do you know of any other claim that he advanced, some claim for one hundred and three thousand?—*A.* I do not recall that. 20

Q. At all events Mr. Treadgold did take the position as between you and him that the Company was indebted to him?—*A.* Yes, to offset the very much larger amount he owed the Company.

Q. He did not admit the amount?—*A.* We did not admit either.

Q. It was a controversy between the two of you as to where the position lay?—*A.* Yes. As far as the Blundell claim is concerned we do not know anything about that.

Q. We do not know any more about that than you can ascertain from the documents?—*A.* I know the deposit of the money is shown in Mr. Treadgold's personal bank account. The pass book for the account was produced at the Patton action, I have seen it, and I have seen deposits entered in the account. I have seen Mr. Blundell, and he has recited circumstances to me. 30

Q. Mr. Baird was called to give evidence, by your Company?—*A.* Yes, he gave evidence on the last occasion.

Q. He gave evidence that some 23,000 ordinary shares had been received from him by Treadgold?—*A.* I believe he got shares, I do not recall that he gave evidence.

Q. Did you include these in Exhibit 65?—*A.* No.

Q. Why not?—*A.* Mr. Baird was director of E. Y. Syndicate, one of the companies that sold assets to the Yukon. The consideration that was to go to the directors is not exactly set out in any document that I know of. All I know is that the shares was part of the consideration as an officer and lender to the E.Y. 40

Q. That is the reason you did not include them in your statement?—*A.* That is my reason.

Q. I think you said previously at some time you had no information as to how some £20,000 borrowed by the E.Y. Syndicate from the Gold Fields, the transaction was made giving to the lenders—shall I repeat the question for you?—A. It is fairly indistinct.

Q. I want to try to get the matter first, you say you had no information previously as to the £20,000 borrowed by the E.Y. Syndicate?—A. I think that transaction occurred in 1923 and 1924.

Q. I want to know about when, if you could tell us.—A. I do not know offhand.

10 Q. You do not see the relationship?—A. I do not offhand see the relationship.

His LORDSHIP: What do you suggest is the relationship, that was one of the properties acquired, the Gold Fields?

Mr. MASON: Yes. I am very vague about it myself. It occurred to me if the E.Y. Syndicate for the purpose of the transaction had borrowed some £20,000, and these assets eventually went into the Yukon, then the person who put up the £20,000 would be the persons who would be vitally interested.

20 Mr. ROBERTSON: I do not think Mr. Troop said he hadn't any information, he hadn't any personal knowledge. I could not get that from him. He did not know. I would be surprised if Mr. Troop stated he hadn't any information. No one could go through the Patton trial without he would learn a lot of it.

Mr. MASON: I see Mr. F. H. Chrysler and J. B. Watson were the holders each of 5,000 preference shares?—A. Yes.

Q. Where did these shares come from?—A. Issued by the Company.

Q. And the shares were made out?—A. In the names of the two holders.

30 Q. Mr. F. H. Chrysler and Mr. Watson apparently retained these shares right up to the time of their decease?—A. No.

Q. No claim was made by the Company in respect to these shares?—A. No. The shares were registered in their name. Mr. Treadgold gave me some information about them.

Q. These shares Mr. Chrysler had came from Mr. Treadgold's shares originally?—A. I cannot trace the connection. Originally the certificates were made out directly in Mr. Chrysler's and Mr. Watson's name. There is no record of any preceding certificate out of which they came.

40 Q. Mr. Chrysler's certificate is No. 043, and according to the Register is dated 28th February, 1925, for 5,000 shares?—A. 5,000 preferred shares. The certificate book for preferred shares is not in the Court-room.

Q. What about Mr. Watson?—A. The certificate for Mr. Watson's shares is No. 044, also dated February 28th, 1925, for 5,000 preferred shares.

Q. What is the subsequent entry?—A. That is covering the disposal of the shares, they were sold by his widow.

Q. You have me Mr. Larmonth's this morning?—A. Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

His LORDSHIP : Were these shares in the same position as Larmonth's shares? I understand he was given 5,000 shares by Treadgold.—*A.* That is so, my lord.

Defendant's
Evidence.

Mr. MASON : He in turn surrendered?—*A.* He turned in Mr. Treadgold's certificate and took a certificate to his own name.

Q. What about the Chrysler shares?—*A.* They were issued directly so far as I can find out.

No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

Q. Why are you suggesting any doubt about Mr. Treadgold accounting to the Company for the Chrysler shares?—*A.* I understand all shares under the 1925 agreement were issued under his supervision, and he claims all 10 shares came from the North Fork Power Company, which he controlled. They were included in the total shown in the agreement.

Q. Just a further word about the indebtedness before we leave this phase of the matter. Has the indebtedness to the Yukon from the subsidiary companies increased substantially after 1929?—*A.* Yes.

Q. Why was that?—*A.* The recoveries of the subsidiary companies. That is, if the recoveries of the subsidiary companies were in excess of the amount spent by the Yukon for running expenses the gold taken by the subsidiary companies was in excess of the amount of their operating expenses and all operations were carried out in the name of the Yukon Consolidated, and in its books the Yukon credited the subsidiary companies with the 20 recoveries and credited them with what they made in their account, and the difference resulted in a credit to them.

His LORDSHIP : It is hard to get this set up. The defendant company acquired outright the subsidiary companies?—*A.* Almost entirely. There are a few outstanding shares of one or two companies we have not been able to get in touch with the owners. Apart from that all the subsidiary companies, with the exception of the New North West Corporation have been wound up and charters ready to surrender. The North West Corporation is in the hands of the liquidator.

Q. Have you considered them on the question of their earnings? 30
—*A.* That is the way the accounts were figured. The Yukon gave credit to the various companies who turned in their gold and charged them the amount expended on their accounts. Sometimes the mining reports showed we owed the subsidiary and sometimes they owed us. That has been wiped out as their assets have been vested in the Yukon.

Q. That was their method of earning until you acquired their assets?
—*A.* Yes.

Mr. MASON : *Q.* Can you give any explanation to the Court why that condition lasted so long?—*A.* Litigation was one of the important reasons. While the litigation was outstanding we hesitated to make any change. 40

Q. Was the New North West a large corporation?—*A.* Yes.

Q. In what respect?—*A.* In the same respect I said. There were one or two liabilities the Yukon assumed, a liability of one hundred and twenty thousand and another one hundred and eighty thousand.

Q. I suppose it is fair to say with regard to the other subsidiary companies there were reasons why the Yukon should create these companies?—*A.* Yes.

Q. Quite apart from their operating costs was there an excess of receipts over disbursements?—*A.* I do not think so, I think the New North West was the only one.

Q. If cash was used by Treadgold to acquire securities for the company why shouldn't the cash be treated as an asset in preparing a statement of shares based on the assets coming to the company?—*A.* Well, first of all I do not know that any cash was used by Mr. Treadgold. He says some was.

Q. Would you agree with the principle, if cash was used by Mr. Treadgold to acquire securities that cash should be used as assets in creating these shares?—*A.* I did not understand that.

Q. If Mr. Treadgold's cash was used for the purpose of bringing in securities, I imagine the Company would find itself indebted to Mr. Treadgold?

Mr. MASON: *Q.* Can you give us any light on that?—*A.* I am afraid I cannot, I cannot follow the proposition.

His LORDSHIP: What I want to get at is this, if cash were paid for securities which were gathered in that of course should be put to his credit, if it came out of his own account?—*A.* If we knew that, yes.

Q. It is a matter you have never had exist yet?—*A.* Not entirely, perhaps.

Mr. MASON: I want to ask you a question or two. I think I have pretty well covered that phase of the matter. About what transpired in London in connection with this Commission, I suppose you have had very intimate touch with the matters connected with this litigation and the previous litigation?—*A.* I have been in touch with them.

Q. You said you were in England on the return of this Commission in 1935?—*A.* Yes.

Q. Is it true that when the Trustee in this action brought the litigation that \$400 of security was demanded and \$400 was paid?—*A.* I do not know.

Q. You do not know that?—*A.* No.

Q. Is it true your company moved for a further security for costs as a result of which the plaintiff had to raise \$3,000?—*A.* I do not know the amount, I believe our solicitors moved for further security.

Q. Didn't you know additional security was given for \$3,000?—*A.* I do not recall the amount; I know further security was.

Q. Do you remember your company asked for and had it made a term of the Commission to England that a further \$500 should be paid?—*A.* Was it dollars or pounds? I believe a further amount was to be paid.

Mr. MASON: Paragraph 7 says, my lord, it was further ordered that prior to the taking of any evidence under such Commission the plaintiff shall pay to the agent of the Commissioner in London the sum of \$500 to

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

be received by them. That was an Order on the 18th of June made by the Master. I need not put this in unless you want it.

Q. I see you made an affidavit on the 22nd of January, 1935, in connection with the Commission.

Defendant's
Evidence.

Mr. ROBERTSON: Not that Commission, Mr. Mason.

Mr. MASON: *Q.* I see you did make an affidavit in this action in which you said that an order had been filed ordering the plaintiff to pay an additional \$400 on or about January 24th to cover the defendant's costs?

—*A.* I must have forgotten it then.

Q. Is it not a fact that when you attended in England on this Commission in July of 1935 that an order was made by the Court over there, providing for the attendance of certain witnesses who had been subpoenaed? 10

—*A.* To my recollection that was long after.

Mr. ROBERTSON: I am quite content we should have the papers in and not trouble Mr. Troop.

Mr. MASON: *Q.* Is it not true to your own knowledge an application was made on behalf of the plaintiff in England for an extension of the time for the taking of evidence over a matter of a few days only and that that application on the Commission of the Company was refused?—*A.* Certainly not, as far as I know. 20

Mr. ROBERTSON: Nothing like that happened.

Mr. MASON: *Q.* I am wrong. What I understand is there was a delay in England by the plaintiff, you know that?—*A.* Nothing was done on the Commission while I was there.

Q. Do you know an application was made before the Master here to extend the time, and it was refused?—*A.* No.

His LORDSHIP: I understand no evidence was taken on the Commission.

Mr. MASON: I will have to go into that and show why.

Q. Now you said, Mr. Troop, to my friend, that this certificate No. 0369 was not referred to in the other trial?—*A.* Not specifically. I do not recall it having been referred to. The trials lasted a long time and a great deal was said. 30

Q. Do you recall this? Do you recall it having been said by counsel for Mr. Treadgold that the Court should not deal with certificates which might be in the hands of various persons beneficially entitled thereto?—*A.* I do not recall that.

Q. Do you say that was not said?—*A.* I do not say it was not said, I do not recall that.

Q. You say after the judgment of Mr. Justice Davis the directors instructed you to refuse registration?—*A.* Yes. 40

Q. Was that after the judgment of Mr. Justice Davis or after the judgment of Mr. Justice Raney he refused registration of Mr. Worsdale's certificate?—*A.* It was after the judgment of Mr. Justice Davis.

Q. Mr. Justice Davis never said anything about Mr. Worsdale's certificate, as his certificate?—*A.* No.

No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

Q. You swore in your examination at some stage the directors instructed you to refuse registration ?—A. Yes.

Q. When was that ?—A. After the statement had been presented to me by Mr. Wallace in Ottawa.

Q. Had you received any instructions from the directors before that to refuse certificates ?—A. This particular one of Mr. Worsdale, it had been taken for granted the registration would be refused after we had seen Mr. Worsdale in London.

10 Q. Were you instructed previously to that by the directors to refuse registration of any certificates that had been issued to Mr. Treadgold ?—A. Yes.

Q. When ?—A. Immediately after the Raney judgment, in the first judgment, and immediately after the Davis judgment in the second instance.

His LORDSHIP: At the trial before the late Mr. Justice Raney this certificate was not specifically mentioned ?—A. It stayed at our office in Mr. Treadgold's name, and was one of those cancelled by the judgment, and I was instructed after the judgment if any such certificate was presented I should not register.

20 Mr. ROBERTSON: Your Lordship made an order restraining any transaction.

His LORDSHIP: I thought the witness and Mr. Mason were at cross purposes.

Mr. MASON: Q. After the judgment of Mr. Justice Raney at all events the directors gave to you instructions not to recognize any certificate that had been in the name of Mr. Treadgold ?—A. That is right.

Q. Had you got such instructions as to that prior to the judgment of Mr. Justice Raney ?—A. Not that I recall.

30 Q. Did the directors at any time put an embargo on the dealing with any certificate issued to Mr. Treadgold ?—A. No, they were covered by the injunction then in force.

Q. I am asking what instructions the directors gave to you.—A. None that I recall.

Q. About this London office of yours, Mr. Troop, when were you first in England on business connected with your present company ?—A. In August, 1923.

40 Q. When did your company open the office as a registry office ?—A. I do not know as to registration. I do not know the first day registration was affected, the date of the opening of the office, I understood from Mr. Corbett who was in charge first, and has been in charge since, was some time in 1927.

Q. I understand it was mentioned in the Commission.—A. I believe so.

Q. I want you to give me your best recollection. It has been said here already that your English office became registered as an office of the Yukon Company at some time several years after this certificate was issued, what do you say about that ?—A. I cannot tell you, Mr. Mason, the date of the registration of the Company's office.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 10.

George
R. F. Troop
recalled.

Cross-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

Q. What was the function of the office?—*A.* The transfer of share certificates.

Q. When was the office able to transfer shares in your time?—*A.* When I became Secretary of the Company in 1920.

Q. Were shares transferred in the office at that time?—*A.* I know some were issued in 1921, almost immediately afterwards.

Q. So far as your knowledge is concerned you do not know of any distinction between the status of your office in London at one date than any subsequent date?—*A.* I must say No to that, I don't know the distinction.

Q. The present London office is at what place?—*A.* 61 Moorgate. 10

Q. Has it been at 61 Moorgate all the time you have been Secretary?
—*A.* No.

Q. Where was it previously?—*A.* 8 Queen Street.

Q. You never visited 8 Queen Street yourself?—*A.* No.

Q. You do not know what was on the door at 8 Queen Street?
A. No.

Q. Or where the office was?—*A.* Only what Mr. Corbett said to me, and in business.

Q. Your personal knowledge does not extend to that at all?—*A.* No.

Q. Do you know anything about whether or not 8 Queen Street was the office of Mr. Smallman?—*A.* Only what I have been told, I never saw the office. 20

Q. I assume that you had never met Mr. Worsdale prior to the date when you saw him in London, England?—*A.* No. I never saw him before that date.

Q. Do you know the circumstances under which he came to meet you?
—*A.* Only as I have already stated, he telephoned me asking me for an interview following a letter he wrote to me. I wrote him a letter I think on the 6th February, 1934, in reply to one he wrote. He telephoned my office and asked if he could come and see me. 30

Q. Did he know you were Secretary of the Company?—*A.* I do not know. I had not written him in that capacity. I do not know how he would know.

Q. You have signed the letter evidently Secretary-Treasurer?—*A.* Of the New North West Corporation. I see at the top of the page my name is given as Secretary-Treasurer of Yukon. He must have known I was Secretary-Treasurer of Yukon.

His LORDSHIP: Were you Secretary-Treasurer too?—*A.* Of both, my lord.

Q. You were also with the North West Corporation?—*A.* That is one of our subsidiary companies, one that is being wound up. 40

Mr. MASON: *Q.* I see that your letterhead describes J. T. Patton as President?—*A.* Yes.

Q. Mr. G. G. Hay as Director?—*A.* Yes.

Q. Mr. Patton resided in England at that time?—*A.* He was on a visit to England.

Q. Where does Mr. Patton reside?—*A.* Ottawa.

Q. That is your permanent home?—*A.* Yes.

Q. How long, since 1930?—*A.* Since early in 1929.

Q. Mr. Patton longer than that?—*A.* Since 1930, since he came out in November, 1930.

Q. There were two conversations?—*A.* Yes, there were two interviews, two meetings.

Q. When was the first?—*A.* 16th February, 1934.

Q. The second?—*A.* On the 20th.

10 *Q.* Had you any idea Mr. Worsdale had any previous acquaintance with Mr. Patton, as far as you knew?—*A.* Not as I know of.

Q. Or any previous knowledge of Mr. Patton's association with the company as far as you knew?—*A.* I had no knowledge of that.

Q. What did he say, if anything, of any connection he himself or friends had had with the Yukon Company or the various interests that were consolidated into the Yukon Company?

Mr. ROBERTSON: Are you speaking of both conversations?

20 Mr. MASON: *Q.* Speaking of the first conversation first.—*A.* The first conversation he told me, Mr. Mason, that he held certain income notes and shares of some of the subsidiary companies, mentioning particularly Dolan notes. He told us he and his friends held 1,750,000 shares they had received as security for advances from Mr. Treadgold. I think that is all he told me at the first interview.

Q. Did he tell you who the friends were?—*A.* No.

Q. Did he say anything to you of the interests of himself and his friends as diverse from one another?—*A.* No, he grouped himself and friends together.

Q. Did he say they made specific payments to acquire interests from the Yukon Company?—*A.* He said more at the second interview.

30 *Q.* Did he say anything at the first interview?—*A.* No, he said he received these shares as security for moneys advanced to Mr. Treadgold. We asked who his friends were, but got no definite information.

Q. Did he say anything at the first interview as to the amounts that had been paid by himself or friends?—*A.* Not that I recall.

Q. When you say, not that you recall?—*A.* I am giving my best recollection.

Q. You are quite sure when you said not that you can recall?—*A.* I think it was at the second interview.

Q. You may be wrong.—*A.* I have my notes, I could refer to it.

40 *Q.* It is a very considerable time ago, and you are a man of very substantial affairs.—*A.* I embody the substance in both interviews, and I later wrote these things out. I have notes of the second interview but not of the first.

Q. I think it is very difficult for a man dealing with a lot of things to carry his mind back to certain things?—*A.* I am depending more or less on what I put in the letter and my shorthand notes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.

George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

Q. You wrote a letter and made a note of these things?—*A.* Yes, notes I took at the meeting.

Q. I suggest to you in all fairness when you wrote the letter the second time the tendency is to give the impression it made on your mind as to what took place?—*A.* That is probably what took place.

Q. Well it is extremely difficult to remember a phrase of a conversation?—*A.* I rely more on my notes for definite phrases, as they are exactly as I took them down.

Q. That is the second interview?—*A.* Yes.

Q. I am dealing with the first interview when I want to ask you, and in view of that you did not take notes of the first interview where you can use the express language. You do not put down that he said he held 1,750,000 shares, he and his associates as security for advances?—*A.* I am sure of that.

Q. He used definite words he held them as security?—*A.* Yes.

Q. Wasn't what he said quite as open to the construction, he had acquired these shares by reason of payments in connection with the Company?—*A.* That is not my recollection.

Q. Did you ask him on that occasion in whose name the certificate was held?—*A.* No.

Q. Was any reference made to Mr. Treadgold on that occasion?—*A.* On the first occasion particularly, I do not recall any to Mr. Treadgold.

Q. When he told you he was interested in 1,750,000 shares, and you had been Secretary of the Company for four years, it would immediately strike you he was a very good shareholder?—*A.* We took for granted it came from Mr. Treadgold.

Q. It would necessarily strike you. You would say immediately, Mr. Troop—I do not know how as a certificate holder, and there was no mention of any certificate?—*A.* When he mentioned shares, while we did not know him, that had already been made plain. He came as a complete stranger.

Q. Didn't you make any inquiry?—*A.* We took for granted.

Q. Didn't he tell you the certificates for his shares were held in the name of Mr. Treadgold?—*A.* No, I am sure of that.

Q. You assumed that?—*A.* I assumed he was talking about some of Mr. Treadgold's shares. I took that for granted.

Q. You say nothing like that was said by any of the three of you?—*A.* I do not remember it.

Q. Did you say Mr. Treadgold's shares had been cancelled by the Canadian Courts?—*A.* I think we said that on both interviews.

Q. Did you say you would not be able to transfer his shares as Mr. Treadgold's name had been removed from the register?—*A.* I think very likely he asked it at the first interview if we would be prepared to register the shares in the name of him and his friends, and we took it definitely it was Treadgold's shares, and said No.

Q. Did he say it would be impossible to cancel the shares?—*A.* He may have, I do not recall the language.

Q. Did he say if the decision were otherwise nobody would be wise in buying shares?—A. I do not remember that.

Q. That may very well have been said?—A. It may have, I have no recollection.

Q. Did he inquire why the shares had been cancelled?—A. I think he said more about that at the second interview.

Q. I am asking at the first interview did he inquire whether the shares had been cancelled?—A. I believe he did.

Q. What was your answer?—A. They had.

10 Q. Why?—A. Following the judgment of Mr. Justice Davis.

Q. Did you say they had been obtained by fraud?—A. I think we said that, whether at the first or second interview, I am not sure.

Q. Did he say to you at that time that at some meetings that the President or Chairman of the Company conspired with co-directors to issue fraudulent certificates?—A. I do not recall that.

Q. Did he say anything to that effect?—A. I do not recall that.

Q. Here is a man who came to you and says, I have a certificate, my friends and I, for 1,750,000 shares. You know that is a large problem, and the capital stock of the Company. You say these are cancelled, Mr. Worsdale, and Mr. Worsdale would naturally be very keen to know why?—A. I got the impression he knew all about it.

Q. He would be keen to know if you told him?—A. Depending on what he previously knew. I got the impression he knew all about it.

Q. I suggest to you the natural thing when he told you the shares were cancelled would be for him to ask why they were cancelled?—A. I believe we told him they were cancelled by Mr. Justice Davis.

Q. Did you tell him they were cancelled for fraud?—A. I think we told him that; whether the first or second interview I am not sure. The first interview was more in relation to the New North West.

30 Q. Didn't he say it seemed impossible to him that the Chairman and Company could conspire with his co-directors to issue a fraudulent certificate?—A. I have no recollection of that at all, Mr. Mason.

Q. Did any question arise either at that meeting or the subsequent meeting as to who was entitled to the shares if Mr. Treadgold was not?—A. No, I do not recall that being discussed.

Q. Did he say to you, if Mr. Treadgold was not entitled to these shares which he sold to him he was entitled?—A. I do not recall that.

Q. Did he suggest the Company was entitled and not Mr. Treadgold?—A. We took for granted the Company was entitled, they had been cancelled.

40 Q. You do not recall?—A. No.

Q. You do not recall whether anything was said?—A. No.

Q. Was there any heat in this meeting?—A. No.

Q. Either one of them?—A. No, neither.

Q. Did he point out to you if that was the position the Company was taking they were entitled to take the benefit of what had been paid in by

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 10.

George
R. F. Troop
recalled.

Cross-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

these persons who had got these shares for him, Mr. Treadgold, did they?
—A. He may very well have said that at the second meeting.

Q. After having this conversation did you discuss the question of settlement at all?—A. No.

Q. Of the Company making any settlement with him?—A. No, not in any way.

Q. Did he tell you he had relied on the faith of the certificate?—A. Not that I remember.

Q. Did he tell you he intended to proceed to Canada and take legal advice?—A. I think he did at the last interview. I think he asked if I knew of a good firm of lawyers in Toronto.

Q. Then, Mr. Troop, did he tell you at either of these interviews he had dealt with nearly 500,000 shares on the strength of this certificate?
—A. No.

Q. He told you his associates were with him in the ownership of these shares?—A. In this figure of shares or total of 1,750,000.

Q. I suppose he told you other persons were interested?—A. He spoke of himself and associate. The only associate he mentioned was Mr. Weinheim.

Q. When was the first reference made to Mr. Weinheim?—A. The second meeting. 20

Q. Was there any reference made to Mr. Weinheim at the first meeting?
—A. Not that I remember.

Q. Is there anything that transpired at the first meeting you have not already told me?—A. Mr. Worsdale talked at great length about himself, about connections with people in the north of Ireland, and how many millions of pounds he had. Mr. Worsdale did most of the talking as far as relates to this action.

Q. I would think after you told him you were not going to honour his certificate he would do a lot of talking?—A. A lot of the talk was about the Great North West, at the second meeting, the New North West was hardly mentioned. 30

Q. Tell me what he said about the New North West at the first meeting?—A. We asked him first of all what his interest was in the North West. He said he held income notes and preferred shares, and he also mentioned the Dominion and Calder Mining Company, shares of the Dominion and Calder Mining Company. This is a subsidiary company of our company.

Q. He said he held New North West income notes and stock?—A. Preferred shares. 40

Q. In that company?—A. Yes, in the company.

Q. What did he say in regard to the Calder and Dominion?—A. Share in the Calder and the Dominion. There is just one class of shares in each company.

(Court adjourned until 2.15 p.m.)

Afternoon Session.

November 1st, 1935.
2.15 p.m.

*In the
Supreme
Court of
Ontario.*

CROSS-EXAMINATION of G. R. F. TROOP by Mr. MASON (Resumed).

Defendant's
Evidence.

10 *Q.* At this meeting which you call the first meeting of February 16th, 1934, was anything said by Mr. Worsdale to you as to the nature or extent of his holdings in the subsidiary?—*A.* He gave me the names of the Companies, Mr. Mason, for the 10,000 income notes which I knew were 10,000. He did not say anything about extent, except on very general terms.

—
No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

Q. What were the companies?—*A.* New North West, Dominion and the Calder.

Q. These were the only ones?—*A.* Yes.

Q. Of course at that time you had been Secretary in the New North West Corporation for some years?—*A.* Since December 15th, 1930.

Q. Were you also Secretary of the subsidiary?—*A.* I think I am on the record as Assistant Secretary. I never took any actual part with their records, they are in Dawson.

20 *Q.* If there had been extensive holdings of Worsdale in North West, as Secretary you would know?—*A.* Yes.

Q. Did you make any inquiries of Mr. Worsdale on February 16th, 1934, as to his holdings in that?—*A.* I asked him what he held.

Q. What did he say?—*A.* He told me he had Dolan income notes.

Q. What did he say about his interest in the shares of the other companies about any holdings he had?—*A.* At either one meeting or the other he said he held thousands of pounds. If that was the second meeting he said nothing else. That is the only recollection I have.

Q. I want you to look at Exhibit 4. You have read the letter many times.—*A.* Yes.

30 *Q.* Does that letter contain anything in it consistent with what you discussed at your meeting of February 16th, or is it in line with it?—*A.* It says a good deal more, more material.

Q. Is there anything inconsistent with what had occurred previously?—*A.* I do not see anything inconsistent in the letter with what he said at the meeting.

Q. I want to draw your attention a portion of the letter written from Worsdale to Troop, 20th of February, 1934 :

40 “ I found that I and my friends having been entitled to and having received approximately 1,750,000 shares in your Consolidated Company were in danger of being deprived of part of the value by the litigation between your directors, the company, and Treadgold, and notwithstanding that your Consolidated Company held my friends and my interests in the Yukon and Klondike.”

Did you say that?—*A.* Yes.

*In the
Supreme
Court of
Ontario.*

Q. Did you ever write to Mr. Worsdale or draw his attention in any way to the fact there was anything in this letter that was not consistent with your conversation?—A. I do not recall doing so, Mr. Mason.

Defendant's Evidence. Q. May I take it for granted you and Mr. Patton have discussed this matter very frequently as to what occurred on February 23rd in London?—A. We discussed it together, and we have discussed it within the last month or so.

No. 10.
George
R. F. Troop
recalled
Cross-exa-
mination
by Mr.
Mason—
continued.

Q. You have gone over it very frequently?—A. We have discussed it, yes.

Q. You told me this morning, Mr. Troop, that you had no knowledge of an application that was made before the Master here for an extension of time for the taking of the Commission evidence in London, England, by the plaintiff?—A. What date, Mr. Mason? I heard afterwards there had been an application, I thought it was in some proceedings in London, England. 10

Q. You said that the plaintiff's Commission was not fulfilled in England because no one attended. I think it is suggested the application was made in London to postpone the time for carrying out the Commission, but the application was in Toronto. I asked you about what knowledge you had of the application, and you said you didn't know anything about that?—A. That is right. 20

Q. I find in the record before the Court, Mr. Troop, you made an affidavit on the 17th day of September, 1935 in connection with the very meetings.—A. That is long after I came back from England.

Q. The application was after you came back from England, and you were complaining you would have to go back again?—A. I must have misunderstood. In the first place, after I got back to Canada I learned about it.

Q. You learned this application to take evidence was refused because of the operation of the company?—A. Yes. 30

Q. At the second meeting, as you put it, on February 20th, 1934, was anything said by anybody about shares having been transferred in New York?—A. Mr. Worsdale told us that these certificates had been handed over to Mr. Weinheim his associate in New York, the certificate for the shares which he and his friends had.

Q. That is not what I asked you. Was anything said at the meeting as to any transfer of shares having been made in New York?—A. Well not to any further extent than I have already intimated. I understand you mean by transfer, the handing over of certificates.

Q. You have seen documents 1, 2 and 3?—A. Yes. 40

Q. You know Exhibit 3, which is the letter with respect to holding the shares of record was written on the letterhead of the Commodore Hotel?—A. Yes.

Q. You know the document of transfer was prepared in New York?—A. I believe it is on the same letter paper. I do not recall offhand, it is on New York letter paper.

Q. At all events you knew that the letter, Exhibit 3, was written on the Commodore Hotel Paper in New York?—A. I did not know at that time, I have seen it since.

Q. Was there any conversation between you and Mr. Worsdale about the fact that any one of these documents, or any one or more of these documents was signed in New York or dealt with in New York?—A. Mr. Worsdale mentioned no documents whatever. He said that the shares that belonged to himself and his associates had been offered in New York, that the deal had been in New York, carried out in New York.
10 Mr. Weinheim was the associate who got the shares and Mr. Weinheim held them.

Q. Did he say in what capacity?—A. He called him his associate, agent, he might have called him, associate is what I have in my notes.

Q. Do you want to use your notes for the purpose of refreshing your memory when I am asking you from your knowledge as to what took place?—A. The only associate of his that Mr. Worsdale mentioned was Mr. Weinheim.

Q. I asked you how he described Mr. Weinheim.—A. My recollection is as his associate in New York.

20 Q. You are not sure as to that?—A. Either associate or agent, I am not sure.

Q. Did he say for what reason Mr. Weinheim had the shares?—A. Not that I recall.

Q. The conversation would not leave you with any knowledge as to why the shares were in Weinheim's hands?—A. Other than that he was an associate of Mr. Worsdale.

Q. You said he was an associate or agent of Mr. Worsdale, there was no information given as to that?—A. No.

30 Q. We found this morning your letter which Mr. Worsdale had received. Because of the letter he got from you he would know you were the Secretary of the Company?—A. Yes.

Q. Didn't you think it would be an extraordinary statement for a man to make that he had put in here more than the par value of the shares?—A. I thought it was at the time.

Q. Did you do what he suggested?—A. I put it at 1,700,000 as coming into the Company, from him and associates. I never heard of this.

Q. It was a surprise to you after you had made your investigation?—A. Yes.

40 Q. You told him?—A. I did not say more than that, we were very friendly together.

Q. As a matter of fact did he tell you what he had put in or what his associates had put in with any detail?—A. With no detail. He said our company was working properties that belonged to him and his associate. There was no detail other than he had 1,750,000 shares, but it totalled more than that.

Q. I understood you to say to my friend he had put in more than 1,750,000, he and his associates.—A. That is what he said.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 10.
George
R. F. Troop
recalled.
Cross-exa-
mination
by Mr.
Mason—
continued.

Q. Did he mean put in in cash ?—A. Cash, securities or claims we were working.

Q. You did not mean cash ?—A. Cash, securities or properties. These various associates had put into the properties of this company.

Q. Which came to the Yukon and which were part of this property ?
—A. Yes.

Q. Did he describe who the associates were ?—A. He mentioned only one name.

Q. What was the name ?—A. Mr. Weinheim.

Q. Did he mention Mr. Weinheim in this connection or the previous 10
connection ?—A. As his associate in New York.

Q. Did he say Mr. Weinheim was one of the gentlemen who put up all
this money ?—A. No.

Q. Did he mention anyone as having participated in putting in any
of this cash and assets ?—A. No other names.

Q. Did you ask ?—A. I think we asked both meetings who his
associates were. In reply all we got was generalities, they were wealthy
people, and putting in great amounts of money, very large figures were
mentioned.

Q. You would not be surprised at that, having regard to the agreement 20
with the various companies ?—A. I do not remember what he said for a
moment.

Q. What was said about the New North West ?—A. We asked him
what his holdings in New North West securities were. He told us he had
the Dolan income notes and had thousands of pounds of preferred shares
and notes, notes and preferred shares.

Q. You knew who the holders of preferred shares were ?—A. I knew
who they were and knew who the holders of the notes were. I knew who
the holders of the outstanding shares and notes were and knew he could
not have such large holdings. 30

Q. Did you tell him that ?—A. No.

Q. Do you recall how you got in touch with some of these associates
of Worsdale's ? Do you know the firm of Price, Waterhouse & Company ?
—A. Yes.

Q. They are a prominent firm of auditors ?—A. Yes.

Q. A very eminent firm ?—A. I think one of the most eminent firms.

Q. He referred you to them ?—A. We made inquiries.

Q. I have no means of checking that unless I have Price, Waterhouse
here.—A. I beg your pardon.

RE-EXAMINED by Mr. ROBERTSON.

40

George
R. F. Troop
Re-exa-
mination
by Mr.
Robertson.

Q. At the time of this conversation in 1934, up to that time had there
been in the history of the Company any shareholder except Mr. Treadgold,
of the North Fork Company, holding any such number of shares as 1,750,000 ?
—A. No. The next largest possible holding would be Lawrence Harrison's
certificate which we issued in 1925 and we cancelled in 1927.

Q. A holding of that kind would relate to one of the two, North Fork or Yukon?—A. It would have to.

Q. Did you ever hear anything after that interview of the 29th of February, 1934, from Mr. Worsdale or from anyone on his behalf about any holdings of his in the New North West Company?—A. No.

Q. Or in the Calder Company?—A. No.

Q. Or in the Dominion Company?—A. No.

Q. There was no more of that?—A. No.

10 Q. You have been asked more than once about the Harrison shares, the Harrison shares were dealt with by the judgment in the Harrison action?—A. Yes.

Q. In the judgment of Mr. Justice Davis in 1934 they are directed to be set aside, be taken out of the shares that are directed to be cancelled?—A. Yes.

Q. When did Harrison get his shares?—A. He got them, as I remember, in the spring of 1935.

Q. Some time after the judgment?—A. Yes.

20 Q. Did he before getting them first comply with the condition set forth by Mr. Justice Raney, that is that he should pay the Company's costs of the Harrison action?—A. Yes, he paid the Company's costs of the Harrison action.

Q. And took up the shares he was directed to be given?—A. Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 10.
George
R. F. Troop
recalled.
Re-exa-
mination
by Mr.
Robertson
—continued.

No. 12.

Evidence of John Thomas Patton.

JOHN THOMAS PATTON, SWORN. EXAMINED by Mr. ROBERTSON:

Q. Mr. Patton, you are President of the defendant company?—A. Yes, I am.

Q. I understand that you are one of the Klondikers of 1898?—A. Yes.

30 Q. You went out in 1898 from Nova Scotia, you are a Nova Scotian?—A. I went there in 1898.

Q. You got in the Klondike in 1898?—A. Yes. I remained there for eighteen years.

Q. Did you know Mr. Treadgold?—A. Yes.

Q. Prior to 1930, I believe you had been living for some time in England or Scotland?—A. From 1917, from the end of March, 1917, I lived in London, until November, 1930.

40 Q. Let me ask you a question or two aside from the main question. First, let me ask you this, Did the defendant company call any meeting of its shareholders after the 16th of July or before the 16th of July, 1929, for the purpose of increasing its capital stock?—A. No.

Q. No by-law ever submitted to the shareholders for that purpose?—A. No.

No. 12.
John
Thomas
Patton.
Examina-
tion by Mr.
Robertson.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 12.
John
Thomas
Patton.
Examina-
tion by Mr.
Robertson
—continued.

Q. Something was said about an Anderson Concession and some other interests in the Yukon that were brought into the Consolidation?
—A. Yes.

Q. Reference is made to some of your interests in the agreement of 11th February, 1929?—A. Yes.

Q. And the agreement of the 19th of February, 1925, as well?—A. Yes.

Q. We have been told that the consideration that you were to receive for all your interest was £15,000 and 75,000 preferred shares?—A. Yes.

Q. That is the consideration?—A. That is so.

Q. Did you turn over your interests?—A. I did.

Q. About when?—A. I gave an assignment of Lease No. 1. This is sometimes called the Anderson Concession, in January, 1926, as near as I can recall the date. My agreement related to the sale of all my holdings to Cunynghame and Smallman, and was made on the 31st December, 1924.

Q. Were all of these interests turned in to the Yukon Company by the agreement of February, 1925?—A. No, only lease No. 1.

Q. Were these parcels sold as all one parcel, or were they divided?
—A. Sold as one parcel.

Q. One whole consideration?—A. Yes.

Q. Were they put into the Company later?—A. In July, 1929.

Q. That is the agreement of the 12th July, 1929?—A. Yes.

Q. The balance of your holdings that you had sold and had been paid for in 1925 were turned over by the agreement of 1929?—A. Yes.

Q. Who were they turned over to, directly to the Yukon Company—they all went to the Yukon Company?—A. I parted with possession of all of them in January, 1925.

Q. To Cunynghame and Smallman?—A. Yes.

Q. Cunynghame and Smallman are parties to the first agreement of February, 1925, conveying certain things to the North Fork Company, through Mr. Treadgold as power of attorney. The Anderson Concession is turned in and that is shown by the second agreement of February, 1925, to the Yukon Company, and the other holdings you had turned over at the same time to Cunynghame and Smallman did not find their way to the Yukon Company till four and a half years later, and for a new consideration?

Mr. MASON: I am not taken as accepting my friend's statement.

Mr. ROBERTSON: Q. You were paid your £15,000 by whom?—
A. Cunynghame and Smallman.

Q. Whose cheque came to you?—A. A Bank of Commerce draft for £15,000, obtained I believe by the E. Y. Syndicate.

Q. Did some individual hand you the cheque?—A. Mr. Smallman handed me a bank draft.

Q. You got your preferred shares, and they came as we already know, out of the allotment under the agreement of February 19th, 1925?—A. I received those in the autumn of 1925, from Mr. Smallman.

Q. Do you recognize the signatures to this agreement of the 21st of May, 1925, Mr. Treadgold's signature?—A. I recognise Mr. Treadgold's.

Q. Mr. Watson's?—A. No, I do not know Mr. Watson's.

Q. You know Mr. Treadgold's?—A. Yes.

Q. This agreement of the 21st May, 1925, is between the North West Corporation and the E. Y. Syndicate?

Mr. MASON: My friend said an inquiry into the E. Y. was going to be such a long one he was not going into it.

Mr. ROBERTSON: This does not go into it.

10 Mr. MASON: I submit it is not relevant.

Mr. ROBERTSON: All I desire to show is that this document provides for the Yukon Company assuming the obligation to the bank for the £15,000 Mr. Patton got. It is the A, B, C of the transaction, and the Yukon Company paid everything. It recites getting the money and that there was an agreement that the Yukon Company would enter into a covenant and indemnify, and simply sets out what the Yukon Company will do.

EXHIBIT No. 72: Filed by Mr. Robertson: Agreement between Yukon and E.Y. Syndicate Ltd., dated May 21, 1925.

20 Q. Then, Mr. Patton, in the course of your connection with the Yukon matters, while you were residing in the Yukon, and in London, and while you were residing in Canada, have you ever heard, or had you ever heard of Mr. Worsdale at any time prior to February, 1934?—A. No.

Q. Under what circumstances did you first learn of there being such a person as Mr. Worsdale?—A. On the 16th February, 1934, came into the London office of the Yukon Company and introduced himself.

Q. That is Moorgate?—A. 61 Moorgate.

Q. Did you know of the Queen Street office?—A. I have often been at the Queen Street office, 8 Queen Street.

30 Q. Some questions have been asked about it. Did the Company have an office of its own or was it accommodated by someone else?—A. I always thought it was the Yukon Company's office, that is the Yukon Company's name was at the office door, and the name New North West Corporation also.

Q. You were not an officer or director of the Yukon Company at that time?—A. No.

Q. Nor until after the trial of the action by Mr. Justice Raney?—A. It was on the 24th March, 1932, I became a director.

Q. The Company occupied the office at 8 Queen Street, and had its name on the door?—A. Yes, I looked on it as the Company's office.

40 Q. Was Mr. Smallman's office nearby?—A. Mr. Smallman's office was on the next floor.

Q. Where was the Company's office?—A. 8 Queen Street.

Q. One was on the eighth floor, where was the other?—A. On the third floor and second floor.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 12.

John
Thomas
Patton.
Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 12.
John
Thomas
Patton.
Examina-
tion by Mr.
Robertson
—continued.

Q. The one you regarded as the Company's office?—*A.* On the third floor the Company's office. On the second floor Mr. Smallman's office as I remember.

Q. You saw Mr. Worsdale at the Moorgate office of the company in February, 1934, on the 16th?—*A.* Yes.

Q. Tell his Lordship what occurred.—*A.* Mr. Worsdale introduced himself, and he told he was interested in the Yukon Companies. I was very curious to know what interest he had. He told us he had been interested in mining in Alaska, and was Chairman of a mining company there years before. He told us he knew Mr. Treadgold from 1910 onward. Then he began to tell us in a vague way what his Klondike interests were. He said he had properties in the Klondike. When he was questioned as to what properties he could give no description of the properties. Then he said he held securities in Klondike Companies, and he mentioned the New North West Corporation, and the Calder Company and the Dolan Company, and he said he held income notes of the New North West Corporation and preferred shares. 10

Q. What further?—*A.* At that time of course I was very much interested as I knew the situation of the Klondike very well. I listened to Mr. Worsdale. He talked at length and I said very little. Then he told us he held Yukon shares as security for moneys advanced by himself and his associates, a large number of shares, 1,750,000 shares of the Yukon Company. He seemed anxious to realize some money on his alleged Klondike holdings. We could offer him nothing of course. Then he wanted to know if we would recognize his alleged Yukon shares, and we said No. That is about the substance of the first interview as I remember it. At the end of the interview we asked Mr. Worsdale to give us a complete list of the securities which he said he owned of the Klondike Company. He promised to let us have it. 20

Q. Is that substantially the first interview?—*A.* That is the substance, as I remember it, of the first interview. 30

Q. Were you present on a second occasion?—*A.* Yes.

Q. When was that?—*A.* On the 20th February, four days later, at the same place.

Q. Who were present then?—*A.* Mr. Hay, the Vice-President of the Company, Mr. Troop, myself and Mr. Worsdale.

Q. Were the same persons there on the first occasion?—*A.* Yes.

Q. What occurred on the second occasion?—*A.* On the second occasion Mr. Worsdale brought a letter with him which I did not read at the time. He began to talk, and then he said that he and his associates had purchased 1,750,000 shares of the Yukon Company from Mr. Treadgold and had paid him the full face value, and then in a moment later he said rather more than the full face value. He wished to know if we would register his share transfer on the books of the Company. 40

Q. Go on, please.—*A.* We said No.

Q. Was there any certificate produced to you?—*A.* None.

Q. Any other documents other than the letter you have spoken of?—
 A. None. Then, as I remember, I myself asked him—we referred of course to the litigation which had been in progress, the two trials and the action, the Raney trial and the Davis trial, and there was an appeal pending before the Court of Appeal of Ontario. We asked Mr. Worsdale if he had never heard of the Patton action; he said No, not until recently. We asked him when. He said perhaps a month, in January Mr. Treadgold had told him. I asked him if he had heard of the investigation by the Secretary of State when Mr. Clarkson was appointed investigator or inspector. He
 10 said No. I reminded Mr. Worsdale that both investigations by the Secretary of State and the Patton action had received rather wide publicity in the newspapers, both in Canada and in England, and I wanted to know if that had not come to his notice. He said No. I believe he renewed his demand that we should register his share transfer, and we refused. He said that the transaction, the purchase of these 1,750,000 shares had been carried out in New York by his agent, and he mentioned the name of Mr. Weinheim twice I believe. He mentioned the name of Weinberger, so I suggested to him perhaps you mean Mr. Weinheim. He said, Yes, Mr. Weinheim.

20 Q. Is there anything further at the interview that you recall?—A. Yes, Mr. Worsdale also said since we refused to register his shares presented he would have to proceed to Canada and try to intervene in the Patton action. The appeal was then pending. We could only reply he could do as he was advised, but we refused to register his transfer.

Q. Yes?—A. I think that is the substance, Mr. Robertson of these two interviews.

Q. How long did the interview last?—A. I should say perhaps twenty minutes or half an hour. I cannot recall the exact time; it may have been longer. I know Mr. Worsdale did a good deal of talking.

30 Q. Mr. Patton, I think you were an applicant in 1930 for an investigation by the Secretary of State of Canada into the affairs of the Company?—A. Yes.

Q. Was the application contested?—A. It was opposed by Mr. Treadgold.

Q. I see the order for the investigation is dated 13th January, 1931?—A. Yes.

Q. You went over to England with Mr. Troop early this year, in April, was it?—A. I went before Mr. Troop. I went in May.

Q. For the first Commission?—A. For the first Commission.

40 Q. The first Commission was issued on the application of the defendant?—A. Yes.

Q. You were over and attended on the execution of the Commission?—A. I did.

Q. The plaintiff's Commission was issued in July?—A. Yes.

Q. Mr. Troop tells us you went back with him?—A. Yes.

Q. You went for the purpose of what?—A. Attending on that Commission.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 12.
John
Thomas
Patton.
Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 12.
John
Thomas
Patton.
Examina-
tion by Mr.
Robertson
—continued.

Q. Why did you want to go?—A. To instruct counsel.
Q. When did you leave to come back?—A. I think it was the 15th of August. I remained a little longer than Mr. Troop. Mr. Troop left on the 15th of July.

Q. Up to the time that you left was there any notice of intention to execute the Commission?—A. None at all.

Q. Had you heard of any intention to apply to extend the time?—
A. No.

Q. Anything at all about any intention to go on with the Commission?
—A. Not a word when I was there. When I returned to Canada—

Q. We know what happened. About a month later in the middle of September you were back in Canada then?—A. Yes.

Q. And Mr. Troop?—A. Yes.

Q. On the execution of the defendant's Commission did counsel attend for the plaintiff?—A. Mr. Fitzroy.

Q. Was there any layman there?—A. Mr. Treadgold attended every day, and he frequently was sitting by Mr. Fitzroy, apparently assisting him.

Q. Was Mr. Worsdale there?—A. Mr. Worsdale was not there, at least I did not see him.

Q. What about Mr. Clark?—A. Mr. Clark was there, he was examined for discovery.

Q. On other occasions was he there?—A. No.

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Cross-exa-
mination
by Mr.
Mason.

CROSS-EXAMINATION by Mr. MASON.

Q. Do you think you could very well visualize Mr. Treadgold staying away from anything that involved the Yukon Company in any way?—
A. What is that?

Q. Could you visualize Mr. Treadgold staying away from anything by way of inquiry or otherwise that concerned the Yukon?—A. I think it would be hard for Mr. Treadgold to stay away from Yukon affairs. He would be more likely to attend if he had a personal interest.

Q. Did you know Mr. Worsdale except for these two meetings?—
A. No.

Q. I do not suppose you can tell me whether Mr. Worsdale was in Europe at the time of this action?—A. I could not tell you.

Q. The suggestion you are making is Mr. Worsdale was not very much interested because he was not there?—A. I did not make any such suggestion.

Q. You wanted the Court to get the impression Mr. Worsdale was not interested because he was not there?

His LORDSHIP: That may have been Mr. Robertson's intention.

Mr. ROBERTSON: You better ask me.

Mr. MASON: Was that your intention, Mr. Robertson?

Mr. ROBERTSON: I am going to make that suggestion later on.

Mr. MASON : Q. I put to you this, Mr. Patton, Do you know of any difference in the occupation of the office at any time during the whole period from 1930 on, the London office ?—A. At first the company was not registered in London, but at a later date it was registered, and is now at its office at 61 Moorgate.

Q. When did it become registered ?—A. I think it was 1933, I cannot give you the exact date.

Q. Was it at the same time it moved its office ?—A. It had been at Moorgate some time before it was registered.

10 Q. What time ?—A. 1932 I think Mr. Corbett went to 61 Moorgate.

Q. Let me see if I can visualise the office arrangement. There was the building, and the first floor all of which was occupied by someone else ?—A. Yes.

Q. That is the Queen Street building ?—A. Yes. Mr. Smallman had secured an office on the second floor, I think it was the second floor, and he moved out of his office and the Yukon took possession, and Mr. Smallman took another floor.

Q. When you first went in the office where were they ?—A. On the third floor.

20 Q. Did they move after that ?—A. Only when they moved to Moor-gate.

Q. They were always on the third floor ?—A. Yes.

Q. At first Mr. Smallman also had his office on the third floor ?—A. Yes.

Q. In the same office the Yukon came later ?—A. That was April, 1923, when the Yukon Company took the office at 8 Queen, and Mr. Smallman went to the floor below.

Q. Was he the landlord of the floor above ?—A. He was not the landlord, he was the lessee of certain office space in the building.

30 A. Yes. Q. He was lessee of the space occupied by the Yukon Company ?—

Q. The Yukon Company was occupying the part of the premises of which Mr. Smallman was lessee ?—A. Yes, as I understand it.

Q. You said somebody was over there representing the Company in the London office ?—A. Mr. Corbett.

Q. When did he go to the office first ?—A. As nearly as I can tell you it was in January or February, 1927.

Q. Are you quite sure at the interview he said he had known Treadgold from 1910 ?—A. Yes.

40 Q. Have you varnished your recollection up by reading these letters that have passed, the letters from Mr. Worsdale to Mr. Troop ?—A. I have not looked at them very recently.

Q. You have discussed the matter very frequently with Mr. Troop ?—A. I read Mr. Troop's notes of the interview.

Q. When ?—A. This week.

Q. I suppose you had discussed the matter frequently with him before ?—A. I read them immediately after he wrote them and refreshed my memory this week.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 12.

John
Thomas
Patton.

Cross-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 12.
John
Thomas
Patton.
Cross-exa-
mination
by Mr.
Mason—
continued.

Q. Did you discuss the matter frequently with Mr. Troop ?—A. It has been mentioned between us several times.

Q. As a matter of fact, haven't you often gone together over the events that occurred on February 16th ?—A. Yes.

Q. To compare your recollections as to what took place ?—A. Yes.

Q. You have read the correspondence that took place ?—A. Yes.

Q. I suppose Mr. Troop showed you the letter of February 20th ?—
A. Yes.

Q. That Mr. Worsdale had written to him ?—A. Yes.

Q. Now one statement you made, and I want you to tell his Lordship 10
if that is the accurate way in which you put it: He referred, he, Worsdale,
wanted to know if we would recognize his Yukon shares, is that what he
said ?—A. That meant registration, recognized in that way.

Q. He asked you would you register his Yukon shares ?—A. Yes.

Q. He did not ask you would you recognize his Yukon shares ?—A. I
might have mis-stated it.

Q. In the interview which you say took place on February 20th, 1934,
you stated to the Court a few minutes ago that Mr. Worsdale said that he
had paid Treadgold, he and his associates, the full face value and rather
more for the certificate of 1,750,000 shares ?—A. Yes. 20

Q. Did you understand him to mean in cash ?—A. I understood it
in cash.

Q. In cash ?—A. Yes.

Q. Of course you knew from your knowledge of the Company that
could not have been so, didn't you ?—A. That is what I thought, Mr.
Mason.

Q. You knew it could not have been so.—A. I knew very well it could
not have been so.

Q. The Company never got 1,750,000 in cash in its existence ?—A. I
knew that very well. 30

Q. Isn't it true that Yukon got practically no cash ?—A. When ?

Q. Any time ?—A. Sometimes it has had considerable dollars at the
end of the operating season.

Q. Isn't it true that the Yukon Company at no time received very much
cash by way of subscription after the shares were issued by way of exchange
for assets.—A. That is so, but some transfer shares amounting to over
100,000 were sold for cash at par.

Q. That would be \$100,000 ?—A. A little over.

Q. Did any real money go into the company in cash except in
property ?—A. Properties in the new company, it came in in kind rather 40
than in cash.

Q. This was a company that never had any large surplus of money
in its hands ?—A. At the time of consolidation, going back to 1924, the
New North West Corporation which was one of the companies to be
consolidated had a considerable amount of cash on hand, and Burrall
& Baird, Limited, another company to be consolidated also had cash on
hand.

Q. Did that cash come holus bolus into the Yukon Company, or was it used for the purpose of subsidiaries?—A. The New North West Corporation was an operating company for a long time, and there had been a reorganization in 1921 which brought in a lot of new cash for the New North West Corporation. With that working capital they carried on until the Yukon consolidation was undertaken, so that at that time the New North West Corporation had some funds on hand.

Q. How much?—A. I could not tell you how much.

10 Q. How much cash came into the final merger, in its final form, from any subsidiary company—the amount would be very small?—A. It was very substantial.

Q. \$100,000 or more, or less?—A. I think these two companies had something like \$400,000 in cash, but I would not like to bind myself to that.

Q. I want to know what cash came into the Yukon Company?—A. I cannot answer you, Mr. Mason.

20 Q. You can answer me this question, of the five million odd shares that have been issued up to the end of 1930 by the Yukon Company, the assets that have been got in exchange for these shares, would, having regard to the number of shares, almost entirely have been paid for in properties rather than in cash?—A. Yes, largely in properties and securities, but also something in cash, because the New North West Corporation dealt with \$180,000 of this money on one occasion and a further sum of £5,000 on another occasion.

Q. That did not bring any cash into the Yukon?—A. It did not increase the cash.

Q. But did not increase the cash in the Yukon?—A. No.

30 Q. Then you said that Mr. Worsdale said in the second interview that the purchase had been carried out by his agent, Weinberger?—A. He said first.

Q. What purchases were you referring to?—A. His alleged purchase of 1,750,000 Yukon shares.

Q. He said that had been carried out by his agent Weinberger?—A. Yes, in New York.

Q. Having mentioned that, you said Weinheim, and he said Yes?—A. Yes.

40 Q. What did he tell you about this transaction? What details did he give you, and what did he tell you Weinheim did?—A. Just simply that Mr. Weinheim had carried out the transaction on his behalf in New York, and he had dealt through, I understand, with Mr. Treadgold.

Q. Who had?—A. Mr. Weinheim. But he was very vague. We could not pin him down to anything.

Q. I want you to give as true a picture of it as you can. Did he mention Mr. Treadgold?—A. Mr. Treadgold's name was mentioned.

Q. Did he mention Mr. Treadgold in connection with Mr. Weinheim?—A. I would not like to say that, but when I remarked it was strange that he had purchased so many Yukon shares and had paid so much money,

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 12.

John
Thomas
Patton.

Cross-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 12.
John
Thomas
Patton.
Cross-exa-
mination
by Mr.
Mason—
continued.

Mr. Worsdale made the comment that Mr. Treadgold was an extraordinary person. That is all.

Q. I want to get your mind on this so you will not think of something else. I want you to tell me everything Mr. Worsdale said as to what transaction Mr. Weinheim carried out?—*A.* He was very vague about it. He said the transaction had been carried out by his associate and agent. He and his associate had purchased these shares and had paid so much.

Q. And agent?—*A.* Yes, Mr. Weinheim.

Q. Is that substantially all he said?—*A.* Yes. 10

Q. If there is anything more, tell me?—*A.* I do not recall anything more. However, the last thing that was said in the interview was he would have to proceed.

Q. He meant to intervene?—*A.* He would do as he liked. He said he would have to take counsel's opinion.

Q. Now, Mr. Patton, my friend asked you about this investigation by the Secretary of State?—*A.* Yes.

Q. That commenced definitely on January 13th, 1931?—*A.* Yes.

Q. The order for the petition?—*A.* Yes.

Q. You were the applicant?—*A.* Yes. 20

Q. When did you first begin actively concerning yourself in getting an investigation?—*A.* As soon as I arrived in Canada on the 29th November, 1930.

Q. You immediately began to get ready to try and get an investigation?—*A.* Yes.

Q. Did you consult Counsel?—*A.* Yes.

Q. Who were acting for you?—*A.* Powell & Snowden.

Q. Did you and Mr. Troop have interviews with them?—*A.* Mr. Troop had nothing to do with the litigation.

Q. When did you and Mr. Troop first have any communication with each other about the proposed inquiry?—*A.* I cannot give you the exact date. Mr. Troop became Secretary of the Company on December 15th, 1930, and it would be towards the end of December I think I talked to Mr. Troop about it. Mr. Troop was with me and others when we attended before Mr. Mulvey, Under Secretary of State. 30

Q. Is that the first occasion on which Mr. Troop knew about you and he going to Mr. Mulvey's office?—*A.* There had been some talk before that.

Q. Isn't it a fact from the time Mr. Troop became Secretary he knew you were moving about to get an investigation?—*A.* I do not say he knew that. My solicitor was Mr. Powell of Powell & Snowden. Until we got so far along and Mr. Powell had given his opinion I do not think I said anything to Mr. Troop about it. 40

Q. At whose instance was Mr. Troop appointed Secretary of the Company?—*A.* At Mr. Chrysler's, I believe, and mine.

Q. Are you suggesting after getting the appointment, that Mr. Troop after getting the appointment in 1930, that you never said anything or

did Mr. Troop to you up till December, 1930?—*A.* Towards the end of December, 1930.

Q. Why didn't you talk to him about it immediately?—*A.* When the petition was filed in 1930, Mr. Mason.

Q. I want to ask you a question or two about the first part of your examination about these leases, I am not sure that I know what you were talking about. Let me have these two leases, Exhibits 33 and 37. What I understand you to complain of, Mr. Patton, if it is a complaint, is that you had agreed to convey certain assets to Cunynghame and Smallman
10 for a consideration of £15,000 and 75,000 preference shares in the Yukon Company?—*A.* Yes.

Q. That when there was a conveyance in 1925 of all the assets that you had agreed to sell, they were not conveyed?—*A.* Yes.

Q. Is that right?—*A.* Yes.

Q. Please tell me the document that exists between you and the Company or the persons with whom you were dealing, by which you made your sale, what agreement is that?—*A.* The agreement between myself and Cunynghame and Smallman for the sale of the assets.

Mr. ROBERTSON: I did not go back that far.

20 Mr. MASON: My friend for some purpose wants to use the letter, and he has suggested that this witness did promise to convey, he got certain consideration but that the assets which he was to get in return for the consideration were not conveyed in 1925, and he did not actually give them over till 1929. If there is anything important we should know what he agreed to convey.

WITNESS: I can give you a list of the securities I agreed to convey.

Mr. MASON: I would rather have the copy.

Mr. ROBERTSON: They are in the exhibit.

30 His LORDSHIP: Why didn't you convey until 1929?—*A.* I did convey to Cunynghame and Smallman immediately, lease No. 1. I will give you the assets.

Q. I could not quite understand you conveying to Cunynghame and Smallman, and they were supposed to convey to the North Fork Company or to the Consolidated Company?—*A.* They were trustees.

Q. For whom, the E. Y.?—*A.* For the Yukon Consolidated Company.

Mr. ROBERTSON: That is one of the things we have not gone into. What happened was Mr. Treadgold came out with a power of attorney which I put in. He did not show all the Patton assets. I think the trouble did go further than that. My first purpose was to show in putting in the
40 document that there was not any great amount of money coming in from anywhere except the money that was borrowed and the Yukon Company agreed to pay. There is only one agreement, and that is dealt with in the Commission.

There are certain people who loaned money to the E. Y. Syndicate and took their money in shares of the Yukon Company.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 12.
John
Thomas
Patton.

Cross-exa-
mination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 12.
John
Thomas
Patton.
Cross-exa-
mination
by Mr.
Mason—
continued.

His LORDSHIP: Who was holding?—*A.* The Yukon Company in respect to all the assets except lease 1.

Mr. ROBERTSON: What happened was, in 1929 Mr. Treadgold appears as vendor to the balance of the assets to the Company and the North Fork to the Yukon Company. He is the vendor of them in 1929.

Mr. MASON: In view of what my friend says, if my friend is relying on that, and intends to prove it, I want to learn enough to prove what my friend says.

Mr. ROBERTSON: I referred my friend to this document.

His LORDSHIP: Perhaps after everything is said and done it does not amount to much. 10

Mr. MASON: All my witness is going to suggest is improprieties on the part of Treadgold. I am very much interested in this action in anything that affects the veracity of Mr. Treadgold, if Mr. Treadgold has wrongfully apprehended the law. What I am concerned with is anything that reflects upon Mr. Treadgold, on his veracity in coming to your Lordship and telling something in this Court. I have covered everything by my admission as to the invalidity of these shares.

Q. Now, Mr. Patton, if my friend wants these in I will put them in. I want to get the property from it. On the 31st of December, 1934, you made an agreement with Cunynghame and Smallman?—*A.* Yes. 20

Q. As a result of the agreement you agreed to sell certain assets set out in the schedule?—*A.* Yes.

Q. These assets being a certain list dated a blank date in 1923?—*A.* Yes.

Mr. ROBERTSON: That is the Anderson Concession.

Mr. MASON: It was subject to a certain rental and royalty and it was 9,400 shares of the Sulphur Mining Company, Limited?—*A.* Yes, \$46,000 par value.

Q. Ten income notes of \$1,000 each of the New North West Corporation, Limited, and 25,000 ordinary shares of New North West Corporation Limited?—*A.* That is so. 30

Q. What you were saying to my friend before, as I understand, while the mining lease to the Klondike Concession was transferred in 1925 the stocks and certificates referred to in the latter part of the schedule were not transferred until July, 1929?—*A.* Until July, 1929.

Q. His Lordship asked you what the obstacle was, do you know of your own knowledge?—*A.* I do not.

Mr. MASON: That makes it sufficiently clear to me to know what to inquire into. 40

His LORDSHIP: Did you know that these securities that were being acquired by Smallman were eventually to find themselves in the Yukon?—*A.* Yes, I sold them with the understanding they were to go to the Yukon Company.

Q. You were interested in the Yukon Company by reason of the fact part of your purchase price was \$75,000 worth of shares ?—A. Yes.

Mr. MASON : You said to His Lordship it was part of the agreement, what agreement ?—A. That agreement, I think.

Mr. MASON : We had better put in the agreement.

Mr. ROBERTSON : It is recited there.

EXHIBIT No. 73 : Filed by Mr. Mason : Agreement between Patton and Cunynghame for sale and purchase of properties and securities dated 31st Dec., 1924.

10 Mr. MASON : Q. I want to ask you a further question about the investigation, who paid the costs of the investigation ?—A. I did personally. I had to put up security. Eventually they were paid by the Yukon Company; an order was made directing payment by the Yukon Company.

Q. An order by whom ?—A. The Secretary of State.

(This witness was later recalled, see Document No. 25).

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 12.
John
Thomas
Patton.
Cross-exa-
mination
by Mr.
Mason—
continued.

No. 13.

Evidence of Charles A. Snowden.

CHARLES A. SNOWDEN, sworn. EXAMINATION by Mr. ROBERTSON.

Q. You are a Barrister and Solicitor ?—A. Yes.

20 Q. You were a member of the firm of Powell & Snowden, which in the lifetime of Mr. Powell practised law in Ottawa ?—A. I left the firm in 1930.

Q. The firm became Powell & Matheson ?—A. Yes. I left and came up here to Toronto in 1930.

Q. In 1929 had you anything to do with the Yukon Consolidated Company ?—A. Yes.

Q. On whose behalf ?—A. On behalf of Mr. Patton.

Q. Did you attend any meeting of the Company ?—A. Just near the end of 1929, somewhere around Christmas I think.

30 Q. You attended what meeting ?—A. It was the annual meeting of the Company, if I recall. It was a shareholders' meeting.

Q. An annual shareholders meeting ?—A. Yes.

Q. Who were present, were there many ?—A. I think, aside from the Directors, I think I was the only person present.

Q. Was Mr. Treadgold there ?—A. He was there.

Q. Who presided ?—A. It was either Mr. Treadgold or Mr. Chrysler, senior.

Q. Did you have anything to say at the meeting ?—A. I had quite a lot to say. I had instructions from Mr. Patton to make certain—

No. 13.
Charles A.
Snowden.
Examina-
tion by Mr.
Robertson.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 13.
Charles A.
Snowden.
Examina-
tion by Mr.
Robertson
—continued.

Q. You cannot tell us—*A.* At Mr. Patton's request I made in the first place an objection to the calling of the meeting in the manner in which it had been called, and also asked for certain information with regard to the affairs of the Yukon Company.

Q. Did you disclose under whose instructions you were there ?—*A.* Yes.

Q. Without going into details, the nature of the information you were asking was what sort ?—*A.* With regard to the Company's balance sheet, and with regard to the operations of the Company, and also I think a question of some share issue to Mr. Harrison came up, I do not remember in what way; the name Harrison was mentioned by me.

Q. That is a cheque ?—*A.* Yes, I endeavoured to get certain information. I was objecting to the way the meeting was called. I think I was objecting to the method of the operation of the Company, and I think I asked for certain information.

Q. What about the way the meeting was called ?—*A.* The meeting had been called under a by-law which provided for a notice in an Ottawa newspaper. I think I asked to have the meeting adjourned to enable them to give notice to the shareholders who, aside from the directors, were entirely in England.

Mr. MASON : I object to that, my lord, unless the document is produced. 20

Mr. ROBERTSON : I only wanted to get what sort of an objection he made at the meeting. I do not think the witness ought to tell us what was said.

Mr. MASON : You are saying you attended the meeting on behalf of Mr. Patton and objected to the way in which the company was operating, and you asked for certain information ?—*A.* Yes.

Q. That is the whole story ?—*A.* Yes.

No. 14.
Charles E.
McLeod.
Examina-
tion by Mr.
Robertson.

No. 14.

Evidence of Charles E. McLeod.

CHARLES E. McLEOD, sworn. EXAMINATION by Mr. ROBERTSON. 30

Q. I believe you reside at Dawson, in the Yukon Territory ?—*A.* Yes.

Q. You are a Barrister and Solicitor ?—*A.* Yes.

Q. I believe there are not many of you there ?—*A.* No, not at present.

Q. You are at present a director of the Yukon Consolidated Company ?
—*A.* Yes.

Q. You became a director when ?—*A.* The latter part of March, 1932.

Q. Had you any connection with the subsidiary companies that were brought into consolidation ?—*A.* Yes.

Q. What connection had you with them?—A. During various times I have been on the Board of the subsidiary companies, and I have been solicitor for them all since 1920, and at present I am Secretary of them all, the whole seven subsidiaries.

Q. What do you say as to whether or not you were familiar with the affairs of the subsidiary companies?—A. Yes, I was.

Q. What things particularly had you to do that would make you familiar with them?—A. The stock books and share registers have been largely in my charge ever since 1920, and most of the entries that have
10 been made in them since then have been made by me.

Q. In the carrying out of the consolidation, that is the acquiring of the shares and securities in these subsidiary companies by the Yukon Company, had you anything to do with that, I do not mean with the operations, but as to records?—A. Any transfers that have been made which have been filed in Dawson I have put them through.

Q. When it was a case of property being taken over have you had to do with that?—A. The titles to all mining companies since each company acquired incorporation since 1920 have passed through my hands.

Q. In connection with these various activities of yours that you have
20 referred to, did you ever see the name of Mr. Worsdale?—A. No.

Q. Did your business bring you in contact with people interested in mining ventures in the Klondike?—A. Oh yes.

Q. How many other solicitors were there in the last fifteen years?—A. Fifteen years ago there were quite a few, several anyway. At the present time there are only three of us practising in the whole territory.

Q. Do you say you have any wide acquaintance in the mining fraternity?—A. Yes, I do.

Q. Had you heard of Mr. Worsdale at any time prior to 1934?—A. No, I never heard his name before.

Q. I think you are also Crown Prosecutor and represent the Dominion
30 Government?—A. I am the Town Prosecutor.

Q. I cannot get into trouble in the country without your knowing it?—A. No.

CROSS-EXAMINATION by Mr. MASON.

Q. I do not suppose you would be likely to know a man who had never been in the Yukon very much, living in the Yukon?—A. I do not know, sir. It would depend on who he would be.

Q. What time did you go to the Yukon?—A. In 1900.

Q. As a practising solicitor?—A. No, I was quite young, I have been
40 there 35 years, most of the time.

Q. How old are you now?—A. I am 41.

Q. 1910 you would be 16?—A. About sixteen.

Q. Then did you know of an organization known as the Alaskan Exploration Company?—A. The Alaskan Commercial Company.

Q. I mean the Alaskan Exploration. I suppose you heard of that?—A. It is a small concern in Alaska.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 14.
Charles E.
McLeod.
Examina-
tion by Mr.
Robertson
—continued.

Cross-exa-
mination
by Mr.
Mason.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 14.
Charles E.
McLeod.
Cross-exa-
mination
by Mr.
Mason—
continued.

- Q. It did dredging there a number of years?—A. Yes.
- Q. My friend brought you a long way for very little. I want to ask you about one matter only, I think. Do you remember an action being brought by Mr. Chrysler against the Yukon Company?—A. I do.
- Q. An amount of some \$27,000?—A. I do, yes, sir.
- Q. You defended that on behalf of the Company?—A. I entered a statement of defence and appearance. They never went to trial.
- Q. Your instructions came from Mr. Baird?—A. Yes.
- Q. At that time both Chryslers were directors of the company?—
A. Yes. 10
- Q. And solicitors for the company?—A. Yes.
- Q. That action was settled?—A. It was settled.
- Q. Mr. Baird got instructions to pay Mr. Chrysler's bills?—A. Yes he did, I believe.
- Q. There is no doubt about it?—A. The instructions came from Mr. Chrysler, they came as instructions of the Board.
- Q. I understand in the previous action you said instructions came from Mr. Chrysler to pay the Chrysler bills?—A. Instructions came from Mr. Chrysler, yes.

Mr. ROBERTSON: Now, my lord, as at present advised I am not intending to call any more witnesses to give evidence viva voce. I have, unfortunately, a good deal of Commission evidence to read. 20

HIS LORDSHIP: Having in mind what was discussed in my room counsel might get together and decide on what you think you should read from the Commission evidence. I do not think it would be wise to start to-night.

(Adjourned sine die).

No. 15.
Sally Silk.
Examina-
tion by Mr.
Robertson.

No. 15.

Evidence of Sally Silk.

SALLY SILK, sworn. EXAMINATION by Mr. ROBERTSON. 30

- Q. Miss Silk, I believe your maiden name was Sally F. Kahn?—
A. Right.
- Q. You are a public stenographer in the City of New York?—A. Yes.
- Q. How long have you been in that business?—A. For myself?
- Q. Altogether, some years?—A. About ten years.
- Q. I understand in more recent years, that is the last three or four years, that you are not in business on your own account, the last two or three years?—A. It is my own the last three years.
- Q. Since when?—A. Since August 15th, 1932.
- Q. Prior to that you were employed with someone else?—A. Yes. 40
- Q. Then did you know Mr. A. N. C. Treadgold?—A. Yes.

- Q. Did you ever do work for him?—A. Yes.
- Q. Tell me how far back, according to your recollection, since you first did work for him?—A. I should say around 1929.
- Q. Commencing the year 1929?—A. Yes, sir.
- Q. Was he brought to your office in the first place, introduced by any person?—A. Well, two people came in at that time.
- Q. Who came with Mr. Treadgold?—A. Mr. Weinheim.
- Q. Mr. Emil Weinheim?—A. Yes.
- Q. Mr. Weinheim brought him to your office?—A. They both came in.
- 10 Q. Did you know Mr. Weinheim?—A. I never saw him.
- Q. I want to produce to you Exhibit 2 on this trial and ask you to look at it. Do you recall that document?—A. I do.
- Q. Is this your signature?—A. Yes.
- Q. It is at the foot of the instrument on the lefthand side?—A. Yes.
- Q. Did you have anything to do with the preparation of the document?—A. I typed it.
- Q. At whose instructions?—A. Mr. Treadgold's.
- Q. Was it all typed at the one time?—A. No.
- Q. What part was not typed at the same time as the rest?—A. The
- 20 words "one million seven hundred and fifty thousand," with the word "ordinary" was put in afterwards, and also "tenth."
- Q. "tenth" in the date?—A. Yes.
- Q. You said the words "one million seven hundred and fifty thousand" and the figure in parenthesis, and the word "ordinary," what do you say as to when you filled in these other words?—A. At some later date.
- Q. What do you say as to the period of time that elapsed between the first of it and the second writing?—A. I cannot say definitely, it may be a few days later or a month or perhaps a year.
- Q. It was on a later occasion?—A. Yes, I am certain.
- 30 Q. Who was there when you drew it the first time?—A. Just Mr. Treadgold.
- Q. Did he take it away with him as an incomplete document?—Yes.
- Q. And then brought it back?—A. Yes.
- Q. Was anybody with him then?—A. No.
- Q. What did he do on that occasion when he came back?—A. He asked me whether I remembered the document, and would I please fill in the words I mentioned before, that were filled in afterwards.
- Q. Was it signed in your presence?—A. Yes.
- Q. What do you say as to whether you ever witnessed any other
- 40 document for Mr. Treadgold?—A. I did not.
- Q. Was it a usual thing for you to witness the execution of documents?—A. No, it was not. As a rule signatures are witnessed by notaries, and I am not a notary.
- Q. Is your office a large office or a little office?—A. One large room.
- Q. Are there other people working there besides yourself?—A. Yes.
- Q. It is not usual for you to witness the execution of documents?—A. No, it is not usual.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 15.
Sally Silk.
Examina-
tion by Mr.
Robertson
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 15.
Sally Silk.
Examina-
tion by Mr.
Robertson
—continued.

Q. You know nothing of the document, the subsequent history, you do not know anything about the document after that time when it was signed?—*A.* No.

Q. Tell me this, do you know whether the date that was put in, when you filled in the word “tenth,” do you recall whether or not that was done on the 10th of July or before or after the 10th of July, do you remember anything about that circumstance?—*A.* I do not know, I believe it was put in after thirty days, I do not remember. It was dated on the tenth and some later time tenth was inserted.

Q. Do you mean after July?—*A.* I do not know, it was afterwards. 10

Cross-exa-
mination
by Mr.
Mason.

CROSS-EXAMINATION by Mr. MASON.

Q. I understand you to say, Mrs. Silk, that you are not sure as to the time of the second occasion when you saw Mr. Treadgold, it may have been a few days after the first occasion or may have been a month later, you cannot tell, is that right?—*A.* That is right.

Q. I suppose as a public stenographer you do a great deal of work for a great many people?—*A.* Yes.

Q. It would be impossible for you to keep in your mind dates as to when things happened unless there was something particular to draw it to your attention?—*A.* Yes. 20

Q. You therefore cannot really tell the Court when the word “tenth” was put in?—*A.* No.

Q. It may have been on the tenth or might have been a few days after?—*A.* Yes.

Q. There is no doubt all the rest of the document, except the words you mention was filled in by you at the time you prepared the document first in July, 1930?—*A.* Yes.

Q. I understand you were married on the 4th of June, 1931?—*A.* That is right.

Q. You were examined by my friend Mr. Robertson, who is sitting beside me, in New York, in this matter on the 3rd day of June, 1935?—*A.* Yes. 30

Mr. MASON: The witness was previously examined on Commission, my lord.

His LORDSHIP: Are you cross-examining from it?

Mr. MASON: I got some information from that.

Q. Had you done work on more than one occasion for Mr. Treadgold?—*A.* Yes.

Q. Did you do work on more than one occasion for Mr. Treadgold in July, 1930?—*A.* I do not remember. 40

Q. It is fair to say you might have signed some other document for him or drawn some and forgotten?—*A.* I would not say that definitely, but I do not believe I ever witnessed any other signatures. It was an unusual thing for me to witness a signature.

Q. You say for that reason you do not say you did, so you would not like to say after all these years you did not sign any other document?
—A. I wrote other documents for Mr. Treadgold, but I didn't sign any other papers.

Q. You would not say there was no human possibility you did not sign any other document as a witness?—A. No, of course not.

Q. What was the nature of the other documents you prepared for Mr. Treadgold in July, 1930?—A. I do not remember.

Mr. ROBERTSON: Then, my lord, I will read the evidence of Edgar M. Williamson. This is a short examination taken in New York. He is a real estate broker. There was a large Commission in England. My friend and I met and went over that without getting very far. When I heard your Lordship was not going to be here yesterday and time was getting short I went at the Commission evidence and I extracted from the examinations what I thought was absolutely essential. I sent a list of the questions I propose to read to Mr. Mason yesterday, and he labored with it and he tells me this morning when he comes to the cross examination it will be exceedingly difficult to select questions here and there that he will want to read. We have not got any further than that. I suggested to my friend this morning perhaps it might shorten the matter to put in the whole Commission, and I would read what I desire, and use it as we see fit in argument.

It is not only that the evidence is long, but during the reading of the evidence there are long arguments, and with my friend's admission at the beginning of the trial I suggest to your Lordship it will not be necessary for him to be continually objecting to the evidence.

His LORDSHIP: I am not concerned about the length of time we will take. As you know, I have to leave for Ottawa to-night. What do you say if we sit to-morrow?

Mr. ROBERTSON: I was prepared to sit to-morrow if everybody else was.

His LORDSHIP: I think I can get over the difficulty of Weekly Court at Ottawa.

Mr. MASON: My friend is anxious to put in the evidence of three witnesses who are very short. Two of the witnesses are very long and I wish to formally make my objection to the reading of some of the evidence so we will not take time later on in making objections. I will object to the admissibility of all the English evidence except such of it as relates to matters connected with Mr. Worsdale's financial position. All the rest of the evidence relates to matters going back in the early years prior to the formation of the Yukon, and later during the formation of the Yukon. I appreciate the difficulty you would have in ruling on this constantly. I want to take this position at the outset as I do not want to be embarrassed later by having overlooked it.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 15.
Sally Silk.
Cross-examination
by Mr.
Mason—
continued.

*In the
Supreme
Court of
Ontario.*

Mr. ROBERTSON : I wish to read the examination of E. M. Williamson taken on the 3rd of June, 1935, at New York, before Mr. Stonehouse as Commissioner :

Defendant's
Evidence.

No. 16.

Evidence of Edgar M. Williamson on Commission.

EDGAR M. WILLIAMSON, sworn.

No. 16.
Edgar M.
Williamson.
Examina-
tion on
Commission.

(Mr. ROBERTSON *reading*) :

“ 1.—*Q.* Mr. Williamson, you are a broker?—*A.* Yes, a stockbroker.

2.—*Q.* And you reside in Brooklyn?—*A.* Yes.

3.—*Q.* And you have your office at 40 Wall Street in New York City?—*A.* Right. 10

4.—*Q.* Did you know Mr. A. N. C. Treadgold?—*A.* I did.

5.—*Q.* How long have you known him?—*A.* About twenty-five years.

6.—*Q.* Did you at one time have in your possession certificate 0369 of the Yukon Consolidated Gold Corporation Limited?—*A.* Yes, for 1,663,900 shares.

7.—*Q.* How did it get into your possession, and when?—*A.* It was delivered to me on November 11th, 1931, by Mr. E. J. Weinheim for the account of Mr. A. N. C. Treadgold.

8.—*Q.* Then have you any memorandum that you made, or duplicate of any receipt you gave at that time?—*A.* I have a receipt or copy of a receipt that I gave Mr. Weinheim when he delivered the stock. 20

9.—*Q.* Is the paper you hold in your hand what you refer to as a copy?—*A.* This is a copy of the receipt that I gave Mr. Weinheim.

10.—*Q.* It is a carbon copy?—*A.* A carbon copy of the receipt, yes.

11.—*Q.* Are you willing to part with the document itself or do you desire to retain it?—*A.* Oh, I would rather keep it myself. I don't want to part with it.

12.—*Q.* Will you furnish Mr. Stonehouse, the Commissioner, with a copy?—*A.* I will. 30

The witness handed to the Commissioner a copy of the document referred to, which the Commissioner compared and marked Exhibit 1 on the examination of Edgar M. Williamson, which copy is hereto attached.

13.—*Q.* Mr. Williamson, looking at this carbon copy of the receipt I see that it acknowledges the receipt of 1,813,900 shares and the certificates are numbered 127 for 50,000 shares and No. 126 for 100,000 shares and No. 0369 for 1,663,900 shares?—*A.* Yes.

14.—*Q.* Do you know whether any of the certificates were in your own name?—*A.* Yes, Nos. 126 and 127.

15.—*Q.* Were in your own name?—*A.* In my name. 40

By Mr. McLAUGHLIN : 16.—*Q.* That is in the name of Edgar M. Williamson?—*A.* Yes.

By Mr. ROBERTSON : 17.—*Q.* To whom did they belong?—*A.* I presume to Mr. Treadgold.

18.—Q. Did you have any interest in them?—A. The only interest was he had given me some.

19.—Q. He had promised you something?—A. He promised me 50,000 shares.

20.—Q. When was that promise made?—A. Oh, that promise was made four or five years before, or three or four years before. I don't remember exactly when the promise was made.

21.—Q. Did you ever get the 50,000 shares?—A. No, he made the remark when I gave him back the certificates that my 50,000 was included
10 in the stock I gave him.

22.—Q. Going back to certificate 0369 did you know anything of the prior history of that certificate?—A. Never knew anything about it.

23.—Q. Then did you receive any instructions from Mr. Treadgold at the time you received the certificates?—A. Only a letter that he asked me to take care of them. (*Produces letter.*)

24.—Q. You produce a letter dated when?—A. It should have been dated November 11th, 1931. Mr. Weinheim brought this letter in with the certificates.

25.—Q. On the 11th November, 1931?—A. The 11th November, 1931.

26.—Q. Now, with respect to this letter is it in the handwriting of Mr. Treadgold?—A. Yes, I think it is. It looks very much like his handwriting.
20

27.—Q. Are you willing to part with that original?—A. No, but I will give you a copy of it.

The witness handed to the Commissioner a copy of the document referred to, which the Commissioner compared and marked Exhibit 2 on the examination of Edgar M. Williamson, which is hereto attached.

28.—Q. This letter is addressed to you, "Dear Mr. Williamson: Kindly take care of certificates," and then it mentions 127 and 126 and 0369,
30 the last one being for 1,663,900 shares—"for me and oblige"?—A. Yes.

29.—Q. Are those all the instructions you had?—A. The only instructions I ever received.

30.—Q. Then how long did you have these certificates in your possession?—A. Until March 22nd, 1932.

31.—Q. Then what became of them?—A. I returned them to Mr. Treadgold and he gave me his receipt for them.

32.—Q. You produce a receipt dated March 22nd, 1932?—A. Yes.

33.—Q. Signed by whom?—A. A. N. C. Treadgold.

34.—Q. Are you willing to part with possession of this receipt?
40 A. No sir. I will let you have a copy of it.

The witness handed to the Commissioner a copy of the document referred to, which the Commissioner compared and marked Exhibit 3 on the examination of Edgar M. Williamson, which is hereto attached.

35.—Q. This acknowledges the receipt from you of the three certificates which you had received from Mr. Weinheim, including certificate No. 0369 for 1,663,900 shares?—A. Yes.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 16.
Edgar M.
Williamson.
Examina-
tion on
Commission
—*continued.*

36.—*Q.* All the shares mentioned being shares of the Yukon Consolidated Gold Corporation Limited ?—*A.* Yes.

37.—*Q.* Then did you know anyone named Worsdale ?—*A.* No, never heard the name.

38.—*Q.* Did you receive any instructions whatsoever from Mr. Treadgold regarding the shares mentioned in the receipt between the date of their receipt by you, November 11th, 1931, and the date when you returned the certificates to him ?—*A.* I don't remember even if I saw Mr. Treadgold between those dates.

39.—*Q.* In any event you had no instructions from him in that period ? 10
—*A.* No, absolutely not.

40.—*Q.* Have you any knowledge of what became of the shares represented by certificate 0369 afterwards ?—*A.* No, I haven't. I have absolutely no idea.

Mr. McLAUGHLIN : I have no questions to ask.

EXHIBIT No. 74 : Filed by Mr. Robertson. Commission evidence of E. M. Williamson.

No. 17.
Examina-
tion for
Discovery
of Leslie
Colbatch
Clark.

No. 17.

Examination for Discovery of Leslie Colbatch Clark.

Mr. ROBERTSON : I want to read from the Examination for Discovery 20
of Mr. Clark, the plaintiff. This was taken in London on the 28th of May
last :

“LESLIE COLBATCH CLARK, having been duly sworn, was
examined by Mr. ST. JOHN FIELD, as follows :

1.—*Q.* Your full name is Leslie Colbatch Clark, is it not ?—*A.* Yes.

2.—*Q.* And you are a Chartered Accountant, are you not ?—*A.* Yes.

3.—*Q.* Practising as a Chartered Accountant in Brighton ?—*A.* Yes.

4.—*Q.* I think you are the Trustee in Bankruptcy of Vernon Wright
Worsdale ?—*A.* Yes.

8.—*Q.* First of all, have you got in your possession certificate No. 0369 30
for 1,663,900 shares in the Yukon Consolidated Gold Corporation
Limited ?—*A.* I have a photostatic copy of it; the original of it is with
my solicitors in Canada.

9.—*Q.* I asked whether you had it in your physical possession ?—
A. No.

10.—*Q.* Have you ever seen it ?—*A.* The original, no.

11.—*Q.* And have never, therefore, had it in your possession at all ?
—*A.* Not in my physical possession.

17.—*Q.* Have you got in your possession, a document passing between
A. N. C. Treadgold and Vernon Wright Worsdale, dated the 10th July, 40

1930 ?—A. The same applies to that as to the certificate 0369, I think is the No.

18.—Q. That is, you have not got it in your possession ?—A. I have not it in my possession.

19.—Q. And you have never seen that ?—A. No.

20.—Q. Have you any document in your possession leading up to the giving of that assignment dated the 10th July, 1930 ?—A. No.

36.—Q. Let us get it quite clear : You have shown to me first of all a photostat copy of what I call an assignment from Treadgold to Worsdale, dated the 10th July, and secondly, a letter purporting to be written on the paper of the Commodore Hotel of the same date.—A. Yes.

37.—Q. Have you any other documents leading up to the passing of those two letters ?—A. No.

38.—Q. Neither here nor in Canada ?—A. Copies have not been forwarded to me so far as I know. There may be some in Canada, but I have not seen them.

39.—Q. I think your last answer was to this effect, was it not : although there may be documents in Canada leading up to the two documents of the 10th July to which we have just referred you do not know yourself of any ? —A. No.

60.—Q. Then apart from those two documents, of which you have photostat copies, of which you say your solicitors in Canada have got the originals, you know of no document whatsoever passing between the bankrupt and Treadgold ?—A. No.

71.—Q. We will depart from what I originally said to you just for this one question : Have you heard that Thomas Wilkinson (Arnside) Limited has gone into liquidation ?—A. Yes.

72.—Q. Do you know anything personally about the Antrim Electricity Company ?—A. Very little.

73.—Q. Another secured creditor was a Mr. Luck, who proved for a loan of £600. That is right, is it not ?—A. Yes.

74.—Q. He also had as security a one-sixth share in Thomas Wilkinson (Arnside) Limited ?—A. Yes.

75.—Q. I will ask you this about Thomas Wilkinson (Arnside) Limited : has anything whatsoever been received so far from the shares in Thomas Wilkinson (Arnside) Limited ?—A. Not that I know of.

76.—Q. Do you know whether the Antrim Electricity shares have produced anything ?—A. I understood they were to be sold by the bank, but I have not received any notification that it has been done.

77.—Q. Have the Thomas Wilkinson (Arnside) Limited shares been sold, do you know, by either of the creditors ?—A. I do not think so.

78.—Q. I see that Barclays Bank Limited, in their proof of debt— which, of course, was verified by affidavit, was it not, in the usual way ? —A. Yes.

79.—Q. —said that they estimated the Antrim Electricity shares to be worth £750, and the 858 shares of £1 each fully paid in Thomas

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 17.
Examina-
tion for
Discovery
of Leslie
Colbatch
Clark—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 17.
Examina-
tion for
Discovery
of Leslie
Colbatch
Clark—
continued.

Wilkinson (Arnside) Limited they estimated to be worthless?—*A.* I believe that is their attitude.

80.—*Q.* Do not you agree with it?—*A.* If you attempted to realize them on a stock exchange, yes.

81.—*Q.* Do you think anybody in the world will now buy shares in Thomas Wilkinson (Arnside) Limited, when that Company went into liquidation in the year 1934?—*A.* I should think probably not.

82.—*Q.* After all, Barclays Bank is one of the biggest banks in the world, is it not?—*A.* Yes.

83.—*Q.* They are not apt to be very very badly wrong about the value of their own securities are they?—*A.* No.

84.—*Q.* May not we take it then that as far as you know, there may be something to come from the Antrim Electricity Supply Company, but nothing whatever to come from Thomas Wilkinson (Arnside) Limited—so far as you are aware?—*A.* So far as I am concerned, yes.

90.—*Q.* Then the only other secured creditors are McLaughlin Johnston & Company, those are your Canadian Solicitors, are not they?—*A.* Yes.

91.—*Q.* And they claim £250 for professional fees?—*A.* Yes, and a loan.

92. *Q.* And they have got the Certificate in the Yukon Consolidated Goldfields as security?—*A.* Yes.

98.—*Q.* Let us just consider this. I see that he claims to have some New North West Corporation Shares, or Income Notes or Bonds?—*A.* Yes.

99.—*Q.* Do you know what they are?—*A.* No.

100.—*Q.* Have you ever seen them?—*A.* No.

101.—*Q.* He claims to have some Dominion Corporation Shares or Income Notes or Bonds; do you know anything about them?—*A.* No.

102.—*Q.* You have never seen them?—*A.* To save time, I may say that I have never seen any of those securities.

103.—*Q.* You do not know in the least what they consist of?—*A.* No.

104.—*Q.* And it is purely Worsdale's own statement that, for instance, the first three lots have got a value of £5,000?—*A.* Yes.

105.—*Q.* You have no knowledge on the subject?—*A.* No, I have not verified his figures.

106.—*Q.* That is £5,000. Then he says he has got £50 worth of Shares in the Firbanks Gold Dredging Company in Alaska?—*A.* Yes.

107.—*Q.* You know nothing about that?—*A.* No.

108.—*Q.* Then he claims some commission on a Debenture in a Belfast Hotel?—*A.* Yes.

109. *Q.* Do you know anything about that?—*A.* No, except that it is in dispute.

110.—*Q.* He puts down some Shares in the Cinema Nationale, Madrid, as being of no value?—*A.* Yes; I should not think they would be of any value.

111.—*Q.* He says he has got an interest in an incomplete purchase of land in something called Esher Place Estate, value doubtful. That is put down as nil?—*A.* Yes.

112.—*Q.* There are 5,000 shares in the Worcester Alliance Re-Insurance Company Limited in liquidation; that is put down as nil. Then there is an estimate that he has \$1,000 in cash or Shares in New York, and that is put down at £200?—*A.* Yes.

113.—*Q.* Then there is a one-third share in a mortgage of £5,000 on Antrim Shares, to E. H. Riches, Solicitor, of Bolton Street, Piccadilly. That is put down as £1,666?—*A.* Yes.

114.—*Q.* Are those the same Shares that were pledged to the Bank?—*A.* Yes.

10 115.—*Q.* And the bank put them as worth £750, and even that is doubtful, is it not?—*A.* Well, I say the same Shares, but they are not the same Shares.

116.—*Q.* Another block of Shares?—*A.* Yes, they are another block.

117.—*Q.* Do you know how many of those Antrim Shares there are pledged to Mr. Riches?—*A.* No, I do not.

118.—*Q.* I ask you again, having now looked at Sheet H. and considered what the assets are, do you think, apart from succeeding in this action, you have really got any hope of paying any substantial dividend to any unsecured creditor?—*A.* Well, I cannot possibly answer that question now.

20 123.—*Q.* Your bankrupt's own account of himself at the Public Examination was that in 1926 he was hopelessly insolvent, was it not?—*A.* I believe it was.

124.—*Q.* You have admitted, I think, Messrs. McLaughlin, Johnston & Company's Proof at some \$1,200, have you not? I have just seen that in the file here?—*A.* Yes, that must be so, that would be right, because there was a £700 loan.

30 143.—*Q.* I want to ask you another question about your Points of Claim in this action. In paragraph 3 of your Statement of Claim in this action, you say that you are the owner for the Estate of the Bankrupt and others?—*A.* Yes.

144.—*Q.* Who are the "others"?—*A.* As to their names, I cannot say. I am contesting this action as Trustee for the bankrupt.

145.—*Q.* No, no; you say that you are the owner for the said Estate and Others; who are the others?—*A.* I do not know.

146.—*Q.* Is Mr. Treadgold one of them?—*A.* I do not know.

147.—*Q.* You do not know?—*A.* No.

40 148.—*Q.* You do not know how many of the 1,663,900 Shares the others whom you mention in the Points of Claim, are entitled to?—*A.* 1¼ million belong to the debtor absolutely, the remainder belong to the others.

149.—*Q.* That is what he told you?—*A.* Yes, and what he said in his Public Examination.

150.—*Q.* Is that out of the whole, 1,780,000?—*A.* Yes.

151.—*Q.* That makes 530,000 belonging to the others?—*A.* Yes.

152.—*Q.* About whom you know nothing?—*A.* Nothing whatever.

153.—*Q.* And who are not parties to this action?—*A.* No, not to this action.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 17.
Examina-
tion for
Discovery
of Leslie
Colbatch
Clark—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 17.
Examina-
tion for
Discovery
of Leslie
Colbatch
Clark—
continued.

181.—*Q.* I am going to ask you about some hearsay now. What does Mr. Worsdale tell you that he gave for one and a quarter million Shares?—*A.* “One Dollar and other consideration,” is the wording, I think.

182.—*Q.* Do you know nothing more about it than that?—*A.* No.

183.—*Q.* You never asked him what the other consideration was?—*A.* No.

184.—*Q.* And you do not know when he gave it?—*A.* No.

185.—*Q.* Or where he gave it?—*A.* No.

186.—*Q.* Have you never asked him any more than that?—*A.* No. 10

187.—*Q.* Nothing at all. Let us see; then your case is this, is it: That for one dollar and, as far as you know, nothing else, your Estate is entitled to one and a quarter million Shares?—*A.* Yes.

188.—*Q.* And you are also suing for the benefit of some other people whose names you do not know?—*A.* Yes. When I say that I am suing for them, I do not consider that those other 530,000 Shares ever vested in me as Trustee.

189.—*Q.* I am obliged for that answer. I am inclined to agree with you, Mr. Clark. It rather suggests that none of these Share Certificates ever vested in you as Trustee at all?—*A.* Oh, no, no; if I had obtained 20 possession of the 1,780,000, I should have been compelled to hand over the 530,000 to the persons for whom Worsdale claimed registration.

190.—*Q.* But you have not the faintest idea who those people are?—*A.* No.

222.—*Q.* Mr. Clark, are you now prepared to answer the question as to who put up the money for security for costs in this action?—*A.* Yes.

223.—*Q.* Will you please tell me who they are?—*A.* One, as far as I am concerned, was Mr. Treadgold, and one was Mr. Luck of Tunbridge Wells.

224.—*Q.* Just upon that, Mr. Luck was a creditor in respect of a loan, 30 was not he? We had that this morning?—*A.* Yes.

225.—*Q.* How much did Mr. Luck put up?—*A.* Let me see—it was 3,000 dollars, the amount?

226.—*Q.* Yes?—*A.* I believe Mr. Luck put up about £500, and Mr. Treadgold the balance, but I cannot be sure as to those figures.

227.—*Q.* Mr. Treadgold is here today, is not he?—*A.* Yes; so is Mr. Luck.

228.—*Q.* Mr. Luck is here?—*A.* Yes.

229.—*Q.* Mr. Treadgold is sitting between my learned friend Mr. Fitzroy and his Solicitor, and assisting my learned friend Mr. Fitzroy? 40
—*A.* Yes.

230.—*Q.* And he has assisted to put up the money to bring this action?—*A.* As to that I am not quite sure, but as far as I am concerned, the money came from him and was acknowledged to him.

231.—*Q.* I am obliged; then I need not trouble you to attend again with further documents?—*A.* Thank you.”

Mr. ROBERTSON: This, my lord, is the evidence taken under Commission in London the last four days of May, 1935. There are certain witnesses whose evidence I do not think should be read, in view of the admissions of my friend. The first one I propose to read is the evidence of Edwin Charles Sidney Kenward:

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 18.

Evidence of Edwin Charles Sidney Kenward (on Commission).

No. 18.
Edwin
Charles
Sidney
Kenward.
Examina-
tion on
Commission.

“EDWIN CHARLES SIDNEY KENWARD, having been duly sworn was examined by Mr. ST. JOHN FIELD, as follows:

10 1.—*Q.* Will you give us your full name and private address?—*A.* Edwin Charles Sidney Kenward, 67 Southwood Road, Rusthall, Tunbridge Wells.

2.—*Q.* You are an Official of the County Court of Tunbridge Wells?—*A.* I am in the employ of Messrs. Stone, Simpson & Hanson, Solicitors, Tunbridge Wells. Mr. Stone in the Registrar of the County Court.

3.—*Q.* At any rate, you appear here as the representative of the Registrar of the Tunbridge Wells County Court?—*A.* Yes.

4.—*Q.* And you produce the file in Bankruptcy of Vernon Wright Worsdale?—*A.* Yes.

20 5.—*Q.* He was adjudicated bankrupt on what date?—*A.* On the 25th May, 1934.

6.—*Q.* Is he still undischarged?—*A.* So far as I know, yes.

7.—*Q.* The file would shew his final discharge?

Mr. FITZROY: I agree that Worsdale is still an undischarged bankrupt.

8.—*Q.* Mr. ST. JOHN FIELD: May I take it that that file is not allowed to go out of England?—*A.* No, not allowed.

9.—*Q.* Then there is a Proof there of Barclays Bank?—*A.* Yes.

10.—*Q.* Of which you will supply a certified copy?—*A.* Yes.

30 11.—*Q.* A copy of Bill-of-Costs of McLaughlin, Johnston & Co.?—*A.* Do you want a copy of that, too?

12.—*Q.* If you please, a copy of the Bill-of-Costs of McLaughlin, Johnston & Co., and you will supply the list of the Proofs, which will shew what Proofs have been lodged and which admitted and which rejected?—*A.* Yes.

13.—*Q.* There are two lots of those, or there may be three; and is there not a Statement of Affairs, to which we have referred; that is filed, is it not?—*A.* Yes.

40 14.—*Q.* And is there filed a copy of the proposed Agreement between—*A.* Between Worsdale and the Northern Light Power and Coal Company, Limited.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 18.
Edwin
Charles
Sidney
Kenward.
Examina-
tion on
Commission
—continued.

15.—Q. Yes. Will you give us a certified copy of that, please?—A. Yes.
(Certified Copy of File in Bankruptcy marked "E.C.S.K.1")

EXHIBIT No. 75: Filed by Mr. Robertson: Commission evidence of E. C. S. Kenward. Copy of File in Bankruptcy.

Mr. MASON: Are you putting in these exhibits? Are we identifying them by a number?

Mr. ROBERTSON: They better stay as they are by the Exhibit numbers.

No. 19.

Evidence of John Arthur Dunn (on Commission).

10

No. 19.
John Arthur
Dunn.
Examina-
tion on
Commission.

"JOHN ARTHUR DUNN, having been duly sworn, was examined by Mr. GARDINER, as follows:

- 1.—Q. What is your full name?—A. John Arthur Dunn.
- 2.—Q. Where do you live?—A. "Owthorpe," Brenchley, Kent.
- 3.—Q. Are you a Mining Engineer?—A. Yes.
- 4.—Q. Have you been asked to produce some documents the property of Mr. Chester Beatty?—A. That is right.
- 5.—Q. In 1921 were you in Mr. Chester Beatty's employment?—A. That is right.
- 6.—Q. I do not know whether you still are?—A. I am.
- 7.—Q. From 1925 on were you assisting him in looking after his interests in the Klondyke?—A. From 1925 for a certain period—not very long.
- 8.—Do you produce an Agreement of the 2nd January, 1925, in the form of a letter from Mr. Cunynghame and Mr. Smallman to Mr. Chester Beatty?—A. That is right. (*Documents produced.*)

20

Mr. FITZROY: What is the date of that letter?

Mr. GARDINER: 2nd January, 1925.

9.—Q. Before we go any further, are you prepared that the documents that you are producing should go out to Canada under the custody of the Court?—A. Yes.

10.—Q. The first document, as you have told us, is that document of the 2nd January, 1925. Is the second a copy of a letter from Mr. Beatty to Mr. Cunynghame and Mr. Smallman of the 7th January, 1925?—A. A copy letter, yes.

30

11.—Q. Is the next a letter from Mr. Smallman to Mr. Corble, of the 24th February, 1925?—A. That is right.

12.—Q. Who was Mr. Corble?—A. Mr. Beatty's Private Secretary.

13.—*Q.* Is the next a copy of a letter of the 26th February, 1925, from Mr. Corble to Mr. Smallman?—*A.* That is correct.

14.—*Q.* Is the next a letter of the same date from Mr. Smallman?—*A.* A copy.

15.—*Q.* A copy, is it? Have you got a letter from Mr. Smallman, apparently not addressed to anybody, but beginning: "Dear Sir," and dated 26th February, 1925. It may not be there?—*A.* No.

16.—*Q.* Is the next a copy of a letter from Mr. Chester Beatty to Mr. Treadgold, dated the 24th June, 1926?—*A.* That is correct.

10 17.—*Q.* Is the next a copy letter from Mr. Beatty to Mr. Treadgold dated the 2nd July, 1926?—*A.* Correct.

18.—*Q.* Is there then a Memorandum of Agreement signed by Mr. Treadgold and Mr. Broad, on behalf of Mr. Beatty, dated the 27th March, 1928?—*A.* Yes.

19.—*Q.* And finally, have you a document signed by Mr. Treadgold and others, dated the 20th April, 1928?—*A.* 20th April, 1928, yes.

20.—*Q.* Now the first document in that bundle is an original, is it not; that is the one signed by Mr. Smallman and Mr. Cunynghame?—*A.* That is correct.

20 Mr. GARDINER: Then as to the letter of the 7th January, 1925, I call for that from Mr. Smallman, who I understand has been subpoenaed to produce it. It is the original of the letter from Mr. Beatty to you (Mr. Smallman) and Mr. Cunynghame dated the 7th January, 1925.

Mr. SMALLMAN: That was Exhibit 140 or 143 in the first action. I have never seen it since I lodged it in the Canadian Court.

Mr. GARDINER: Very well, you do not produce it.

Mr. SMALLMAN: I do not produce it.

Mr. GARDINER: Then I call for the original letter of the 26th February, 1925, from Mr. Corble to Mr. Smallman. Is that produced?

30 Mr. SMALLMAN: That again is in the Canadian Court, so far as I know.

Mr. GARDINER: Then I call for the original of a letter to Mr. Treadgold from Mr. Chester Beatty, dated the 24th June, 1926. Do you, Mr. Treadgold, produce that?

Mr. TREADGOLD: Are you asking me, Sir?

Mr. GARDINER: Yes; you have been subpoenaed to produce it.

Mr. TREADGOLD: In the Court at Toronto. I have not the original. So far as I know, it is an Exhibit.

Mr. GARDINER: Then I call for a letter of the 2nd July, 1926, from Mr. Chester Beatty to Mr. Treadgold.

40 Mr. TREADGOLD: There is an inaccuracy there; it is not from Mr. Beatty, it is from Mr. Corble, for Mr. Beatty—I have no doubt you mean that letter.

Mr. GARDINER: Yes, that is the letter.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 19.
John Arthur
Dunn.

Examina-
tion on
Commission
—continued.

*In the
Supreme
Court of
Ontario.*

Mr. TREADGOLD : That also is in the Court.

Mr. GARDINER : It is quite true that it is signed by somebody else on behalf of Mr. Beatty, but nevertheless, it remains a letter from Mr. Beatty to Mr. Treadgold. That is not produced ?

Defendant's
Evidence.

Mr. TREADGOLD : I have not the letter ; it is in the Court.

No. 19.
John Arthur
Dunn.
Examina-
tion on
Commission
—continued.

21.—Q. The last two documents in the bundle, Mr. Dunn, are originals, are they not ? That is a Memorandum of Agreement signed by Mr. Treadgold, and also a Memorandum signed by Mr. Treadgold and others ?—A. That is right.

22.—Q. They are both originals ?—A. That is right. 10

23.—Q. Thank you. Now were you familiar with the Granville scheme of arrangement ?—A. I do not know what you mean by that.

24.—Q. In 1928 there was a scheme of arrangement, was there not, promulgated by the Granville Mining Company ?—A. To the effect that certain Shares in the Granville Mining Company be exchanged for Yukon Shares.

25.—Q. Yes. Now was that scheme at first opposed by Mr. Beatty ?—A. Rather violently.

26.—Q. After the execution of the two Memoranda of March and April, 1928, did Mr. Beatty withdraw that opposition ?—A. Yes. 20

(Bundle of Documents marked " J.A.D. 1. ")

EXHIBIT No. 76 : Filed by Mr. Robertson : Memo of Agreement, letters, etc. identified as " J.A.D. 1. "

Mr. MASON : My lord, I have made a general objection, but now I wish to make a specific objection, that is, my lord, that letters that are put in from Mr. Beatty to Mr. Cunynghame are not by any possible manner or means evidence, not only on the general ground but on the specific ground.

Mr. ROBERTSON : If they were only letters in a certain sense my friend would be right. They are the contract by which Beatty brings his interest 30 in. This is quite a brief document ; it is not a letter in the ordinary sense of the term. It is headed " London, 2nd January, 1925. "

" With reference to the consolidation of the various interests in the Klondyke Goldfield.

(1) We, acting as trustees for the North Fork Power Co. on behalf of the Yukon Consolidated Gold Corporation, Ltd. (hereafter referred to as ' the Corporation '), agree that we will transfer or cause to be transferred to the Corporation, within fifty days from this date, all the securities shewn in column " B " in the schedule attached, in consideration of 2,143,800 Ordinary Shares, and 500,000 8% Cumulative Convertible Preferred shares of the Corporation. Out of this consideration, we will allot or cause to be allotted to you or your nominees, on receipt of such of the securities shewn in the said column " B " as belong to you and/or to your associates, 45,000 of 40

the 500,000 8% Cumulative Convertible Preferred shares and 141,616 of the 2,143,800 Ordinary Shares.

(2) We agree individually that we will hold, as trustees for the Corporation, for the purchase and transfer to that Company of the outstanding securities as shown in column "C" of the schedule, a total of 1,106,200 Ordinary Shares of the Corporation, which outstanding securities we will do our best to endeavour to acquire at or within the respective rates shown in column "D" of the schedule. We also agree that the Corporation will not, nor will we, pay for the whole of the said outstanding securities amounts in excess of those shown in column "E" of the schedule without your previous consent. If any of such outstanding securities are not so purchased and transferred to the Corporation within twelve months from this date, we will thereupon return to that Company the whole or such portion of the said 1,106,200 Ordinary shares as we have not duly applied in accordance with the above provisions. In no case is the Corporation to be responsible for any commissions expenses or remuneration in relation to the proposed consolidation to us or others not covered by the maximum consideration we are authorized to pay for the transfer. We also agree that, after the issue to us by the Corporation of the whole of the shares above mentioned that Company will still have in its treasury 2,250,000 Ordinary shares, part of its total nominal capital, which consists of 5,500,000 Ordinary shares and 500,000 8% Cumulative Convertible Preferred shares.

(3) We also agree that you will have the right to nominate a member of the Advisory Board (if one is formed) in London, and also that you will have the right to nominate a director on the Canadian Board if you so desire.

It is understood that the schedule above referred to is a definite part of the agreement constituted by this letter and your acceptance hereof in writing."

There is attached a letter of acceptance of the 7th of January.

The next is a letter Mr. Smallman to Mr. Corbett. We come to one of the letters, and I do not care whether it goes in or not.

The next letter of the 24th February, a letter to Mr. A. Chester Beatty:

"I have received a cable from Mr. Treadgold that the shares for Mr. A. Chester Beatty are ready for delivery, but he suggests that Mr. Beatty should await his return, and I shall be glad to hear that this is convenient."

The next is dated 26th February, 1925, to Mr. Smallman, from Mr. Corble:

"Thank you for your letter of the 24th instant intimating that you have received a cable from Mr. Treadgold that the shares for

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 19.

John Arthur
Dunn.

Examina-
tion on
Commission
—continued.

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*In the
Supreme
Court of
Ontario.*

Mr. Chester Beatty are ready for delivery and suggesting that this matter should await Mr. Treadgold's return to England. I am communicating this to Mr. Beatty and believe it will be agreeable to him that the matter should be held over as suggested."

Defendant's
Evidence.

I do not believe I need to read this, as it is just following along the same subject, and I do not think I should trouble your Lordship with reading this. I will read it if my friend thinks I should.

No. 19.

John Arthur
Dunn.
Examina-
tion on
Commission
—continued.

Mr. MASON: I think my friend will have to follow his own course. When you come to cross-examine you will see this man was only a clerk.

Mr. ROBERTSON: He knew the documents were agreements and were signed. I do not think it is material. I do not think I need trouble you to read it. 10

(Mr. McLAUGHLIN, *reading*):—

Cross-exa-
mination.

CROSS-EXAMINATION by Mr. FITZROY.

27.—Q. Were you employed by Mr. Beatty when this letter of the 2nd January, 1925, was written?—A. I was employed by Mr. Beatty in 1925.

28.—Q. That is not what I asked you. I asked you, were you employed by Mr. Beatty on the 2nd January, 1925?—A. On the 2nd January, 1925, I was employed by Mr. Beatty, yes.

29.—Q. When did you first see this letter?—A. Sometime in the middle of 1925, I should think. 20

30.—Q. Not at the time?—A. Not at the time, no.

31.—Q. I see it is signed by Cunynghame and Smallman, is it?—A. Yes.

32.—Q. And there is a Schedule attached of various Securities which are to be transferred to the North Fork Power Company and to the Yukon Corporation—a variety of things: some A. C. Beatty & Associates, some E.Y. Syndicate, and a variety of things. It contains a list of Securities; is that so?—A. That is correct.

33.—Q. Have you been through it carefully yourself?—A. Yes. 30

34.—Q. Then I see there is a letter of the 7th January, 1925, from Mr. Beatty, in which he says: "With reference to your letter . . . and the Schedule attached thereto, I hereby accept the same." Then the next one is a letter of the 24th February: "I have received a cable from Mr. Treadgold that the Shares for Mr. A. Chester Beatty are ready for delivery, but he suggests that Mr. Beatty should await his return, and I shall be glad to hear that this is convenient." That is signed by Mr. Smallman, is it?—A. Yes.

35.—Q. The next one is a letter simply dealing with the suggestion that he should await Mr. Treadgold's return. Then the next is the 24th June, 1926; there are no communications between the 26th February, 1925, and the 24th June, 1926—for a year and a half, between these two people?—A. In 1926 I was out in Rhodesia and was not handling the business. 40

36.—*Q.* There is a gap here of one and a half years. Are there any other letters which passed; are there any other letters missing which ought to be in here or which passed between the parties during that time?—*A.* There may have been, but I do not remember.

37.—*Q.* You do not know anything about it?—*A.* No.

38.—*Q.* When did you get these letters yourself, in their present form—this bundle?—*A.* You mean today.

39.—*Q.* No, not today; I know you got them today from my friend, but before that, they were put together on the former occasion, were not they, and marked?—*A.* The last time I saw these documents was just before the evidence was taken on Commission here for the other case.

40.—*Q.* Yes—some two or three years ago?

Mr. ST. JOHN FIELD: In June, 1931.

41. *Mr. FITZROY:* And did you receive these documents from Mr. Beatty then or was it your duty to keep them?—*A.* It was my duty to keep them. They were in our office files, I believe.

42.—*Q.* You took them from the Office files?—*A.* I did not take them from the Office files.

43.—*Q.* Well, you received them from the Office file?—*A.* Yes.

44.—*Q.* You do not know what other letters were on the file there?—*A.* I cannot say at this date.

45.—*Q.* These were simply a number of special documents which were handed to you?—*A.* That is correct.

46.—*Q.* You had nothing to do with these particular contracts being carried out, or agreements being carried out, in any shape or form, I take it?—*A.* Nothing.

47.—*Q.* Nothing at all. Then there is the Memorandum signed by Treadgold and "J. B., for Mr. A. C. Beatty." Who is Mr. J. B.?—*A.* Mr. Beatty's Solicitor.

48.—*Q.* That obviously is Mr. Beatty's Solicitor; and so far as you are concerned, the position, I take it, then, is this: that you produce these as having received them from the Office of Mr. Beatty?—*A.* Correct.

49.—*Q.* And you know nothing more really about them except that you have read them and know of the contents?—*A.* Yes.

50.—*Q.* But apart from any arrangement, of their being carried out, that you cannot speak to?—*A.* If you will specify what you mean by "arrangement," I might be able to help.

51.—*Q.* If there be any arrangement. But first of all you told me you were in Rhodesia in 1926, and therefore nothing that happened in 1926 could have gone through your hands?—*A.* That is correct.

52.—*Q.* That is obvious. When did you come back from Rhodesia?—*A.* At the end of 1926.

53.—*Q.* And you then went back into Mr. Beatty's Office. I see that most of this big bundle, as a matter of fact, goes back to 1925?—*A.* That is quite true.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 19.
John Arthur
Dunn.
Cross-exa-
mination on
Commission
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 19.
John Arthur
Dunn.
Cross-exa-
mination on
Commission
—*continued.*

54.—*Q.* And you did not leave until 1926?—*A.* I went to Rhodesia early in 1926 and returned late in 1926.

55.—*Q.* Now do you know whether the various things mentioned in this Schedule were delivered by Mr. Beatty, or do not you know? There were certain things which he was to deliver in accordance with this Memorandum; do you know whether he did deliver them, or when?—*A.* I know they were delivered, but I cannot be certain of the time.

56.—*Q.* I see, for instance, that on the 24th June, 1926, there is this: "It is clearly understood that I am to exchange for these Shares the following (a) £1,100 in Receivers Notes of the Granville Mining Company; (b) £10,257 10 in Granville Company Prior Lien Debentures; (c) £63,987 in Granville Company First Mortgage Debentures; and (d) £3,336 in Granville Company Income Notes Series C," and he says: "Should I be unable to, for any reason, exchange the full number of Shares or Notes listed under Article I, I agree to accept a reduction in the number of Yukon Shares proportionately to the shortage." Do you know if they ever did exchange those Shares?—*A.* I believe so.

57.—*Q.* Do you know; never mind what you believe, let us have what you know; if you do not know, say so?—*A.* Will you repeat your question?

58.—*Q.* Do you know whether Mr. Beatty exchanged those particular 20 things; for instance, £1,100 in Receivers Notes of the Granville Mining Company. If so, when did he exchange them?—*A.* I believe so, but I do not know.

59.—*Q.* Never mind what you believe. Do you know? I do not want any beliefs; I want to know whether you know or whether you do not. If you do not know, say so?—*A.* I have said I do not know.

60.—*Q.* And is the same true of the next one, the £10,257 in Granville Company Prior Lien Debentures? Would the same be true of that—that you do not know?—*A.* I do know about that.

61.—*Q.* Were they exchanged?—*A.* They were exchanged. 30

62.—*Q.* When?—*A.* I have not any recollection of the time.

63.—*Q.* You have no recollection?—*A.* Not of the time. You are going back quite a considerable time.

64.—*Q.* I know I am, because, unfortunately, of course, the documents themselves go back a long time?—*A.* If I knew you wanted the exact date of that, I could probably have got it for you.

65.—*Q.* And there is £63,987 in Granville Company First Mortgage Debentures?—*A.* Of that I know nothing.

66.—*Q.* And £3,336 in Granville Company Income Notes?—*A.* I know nothing about that. 40

67.—*Q.* These are, as you say, documents which you received from the Office?—*A.* From our Office files.

(Mr. ROBERTSON, *reading*):—

RE-EXAMINATION by Mr. ST. JOHN FIELD.

68.—*Q.* Do you know what Shares in the Yukon Mr. Beatty received?—*A.* I know he received something over 100,000 Shares.

Re-exa-
mination.

69.—*Q.* This letter that my learned friend has been asking you about, of the 24th June, 1926, provides that Mr. Beatty is to have 141,616 Ordinary Shares and 45,000 Preference Shares?—*A.* Yes.

70.—*Q.* Do you know whether or not that is what he did receive? You see, in form this acknowledges the receipt of those Shares?—*A.* Yes.

71.—*Q.* Do you recollect whether that is the number he did receive?—*A.* It was something about that number, but I cannot be certain of the number.

72.—*Q.* This acknowledges receipt of Yukon Consolidated Certificate
10 No. 009 for 141,616 Ordinary Shares?—*A.* Yes.

73.—*Q.* And No. 012 for 45,000 Preferred 8 per cent. Shares all of one dollar par value, of Yukon Consolidated Gold Corporation, Ltd.?—*A.* Yes.

74.—*Q.* That was what it was provided Mr. Beatty was to receive?—*A.* Something of that sort, yes.

75.—*Q.* May I just remind you, if you would look at the document?—*A.* Yes, if I might have the document.

Mr. FITZROY : That was drawn up when he was in Rhodesia, as a matter of fact.

Mr. ST. JOHN FIELD : No, it was not.

20 Mr. FITZROY : Yes, he was in Rhodesia in 1926.

Mr. ST. JOHN FIELD : Yes, but I am talking about something in 1925.

Mr. FITZROY : I am sorry.

76. Mr. ST. JOHN FIELD : Just take that original bundle, will you (*handed*), and look at the beginning—look at the first page, the 2nd January, 1925, clause 1. Do you see that the provision there, if you would look at the third line from the bottom of paragraph 1, is that Beatty is to get 45,000 of the Preferred Shares and 141,616 of the Ordinary Shares?—*A.* Yes.

77.—*Q.* And is that what the letter of the 24th June, 1926, acknowledges that Mr. Beatty did receive, namely, 45,000 Preferred and 141,616
30 Ordinary?—*A.* That is right.

78.—*Q.* Have you ever heard it suggested that Mr. Beatty did not perform his part of the agreement?—*A.* Never.

79.—*Q.* So far as you know, did he perform his part of the agreement?—*A.* Yes.

80.—*Q.* I had better perhaps ask you this. You have told us that you were employed by Mr. Beatty. Were you given any instructions by Mr. Beatty with reference to this particular matter, or was any request made?—*A.* My original instructions from Mr. Beatty in regard to this whole thing was that he was so absolutely fed up with the business that he wished
40 that I would take care of it and run it for him. While I was in London I did, and the communications that went through I saw.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 19.
John Arthur
Dunn.
Re-exa-
mination on
Commission
—*continued.*

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 19.

John Arthur
Dunn.

Re-exa-
mination on
Commission
—continued.

81.—*Q.* Then you went to Rhodesia for a bit?—*A.* I went to Rhodesia on a job for Mr. Beatty, and was there for about six or eight months.

82.—*Q.* Then did you come back and look after it again?—*A.* I came back and took up where I left off, yes.

83.—*Q.* And as far as you know——?—*A.* As far as I know, the whole thing is correct; the number of Shares that he received is correct, and I know that he made the transfers.

Mr. ST. JOHN FIELD : I am obliged.”

No. 20.

James
William
Clark.
Examina-
tion on
Commission
by Mr. St.
John Field.

No. 20.

Evidence of James William Clark (on Commission).

10

(Mr. ROBERTSON, *reading*) :—

“ JAMES WILLIAM CLARK, having been duly sworn, was examined by Mr. ST. JOHN FIELD, as follows :—

1.—*Q.* Is your name James William Clark?—*A.* That is right.

2.—*Q.* You are a Company Secretary in the employment of the Consolidated Gold Fields of South Africa, Ltd.?—*A.* That is right.

3.—*Q.* They seem to want in Canada your private address?—*A.* “ Medwyn,” Birchwood, Petts Wood, Orpington, Kent.

4.—*Q.* For a good many years now, at any rate from, say, 1922, onwards, had the Consolidated Gold Fields of South Africa got a Subsidiary Company called Gold Fields American Development Company, Ltd.?—*A.* That is right.

5.—*Q.* Do you produce, in the first place a document in the form of a letter dated the 6th December, 1923, addressed by Gold Fields American Development Co. Ltd. to the E.Y. Syndicate, Ltd.?—*A.* Yes, I have a copy of it, of course; the original is with the Syndicate.

Mr. ST. JOHN FIELD : Have you, Mr. Smallman, got the original of that letter?

Mr. SMALLMAN : It is Exhibit 145 in the main action.

Mr. ST. JOHN FIELD : Does that mean that it is in Canada and therefore is not produced?

Mr. SMALLMAN : It means this, that when I was in Toronto two years ago I saw it put in the Court, and I have not seen it since.

Mr. ST. JOHN FIELD : I am obliged. Therefore it is not produced.

Mr. SMALLMAN : I do not produce it.

6. Mr. ST. JOHN FIELD : Do you, Mr. Clark, also produce a Memorandum of Agreement of the same date between the Gold Fields American Development Co. Ltd. and the E.Y. Syndicate?—A. Yes, it is here.

7.—Q. That is an original, is it not?—A. That is the original signed by the E.Y. Syndicate. (Document produced.)

8.—Q. Is *that* (handed) an examined copy of each of those documents?—A. Yes, that it right.”

Mr. ROBERTSON : The whole of page 39 seems to be taken up by talk between Mr. St. John Field and Mr. Smallman.

10 “9. Mr. ST. JOHN FIELD : Now, Mr. Clark, do you desire to retain the originals of those documents?—A. It does not matter very much really, if you want them for the Court, I do not see why you should not have them.

10.—Q. May we have the originals?—A. Yes.

11.—Q. Perhaps we had better have them both marked, the originals and the examined copy, in case they are wanted.

20 (Copy Letter from Gold Fields American Development Co. Ltd. to E.Y. Syndicate, Ltd. of 6th December, 1923, and original Memorandum of Agreement between Gold Fields American Development Co. Ltd. and E.Y. Syndicate, Ltd. of 6th December, 1923, marked “J.W.C.1.”).

(Examined Copy of same marked “J.W.C.2.”)

EXHIBIT No. 77 : Filed by Mr. Robertson : Agreement between Gold Fields and E.Y. Syndicate 6 Dec. 1923 marked J.W.C.1.

12. Mr. ST. JOHN FIELD : I just want this further from you. What did Gold Fields American Development Co. Ltd. receive for their Canadian Klondyke interests?—A. We received a sum of £60,000 altogether, of which £25,000 we had on the 6th December, 1923, £5,000 on the 31st December, 1923, and £30,000 on the 29th January, 1924.

30 13.—Q. Was that the whole of the consideration which you received?—A. That was the whole of the consideration.

14.—Q. No shares at all?—A. No Shares.

Mr. FITZROY : No question.

Mr. ST. JOHN FIELD : Thank you.”

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 20.

James
William
Clark.

Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

No. 21.

Evidence of George Goldthorpe Hay (on Commission.)

Defendant's Evidence. — Mr. ROBERTSON : There are two other reasonably short witnesses which could be finished up right now.

No. 21.

George Goldthorpe Hay. Examination on Commission by Mr. Gardiner.

(Mr. ROBERTSON, *reading*) :—

“ GEORGE GOLDTHORPE HAY, having been duly sworn, was examined by Mr. GARDINER, as follows :

- 1.—Q. Is your name George Goldthorpe Hay?—A. Yes.
- 2.—Q. Where do you live?—A. Dunoon, Royston Park Road, Hatch End, Middlesex. 10
- 3.—Q. ? Are you the joint Secretary of the Lake View Investment Trust Limited?—A. I am.
- 4.—Q. Was the late Mr. Govett the Chairman of that Company?—A. He was.
- 5.—Q. In 1925, was Mr. Charles Lloyd your co-Secretary?—A. He was.
- 6.—Q. Did Mr. Govett die in October 1926?—A. Yes.
- 7.—Q. And Mr. Lloyd in January 1930?—A. Yes.
- 8.—Q. Do you produce the original of an agreement between Mr. Govett and Major Cunynghame and Mr. Smallman, dated the 1st December 1924?—A. The 31st January 1925. 20
- 9.—Q. Do you also produce a letter from Major Cunynghame to Mr. Govett dated the 13th January 1925?—A. Yes, that is attached to it.”

(*Agreement with Letter attached, marked “ G.G.H.1.”*)

EXHIBIT No. 78 : Filed by Mr. Robertson : Heads of Agreement dated 1924 between Govett and Cunynghame marked G.G.H.1. also letter attached, Cunynghame to Govett dated Jan. 13, 1925.

- “ 10.—Q. Were those documents placed in your custody by the late Mr. Govett at the time?—A. They were. 30
- 11.—Q. And they have been in your custody ever since?—A. They have.
- 12.—Q. Do you also produce a letter from Mr. Smallman to Mr. Lloyd of the 10th February, 1927?—A. Yes.
- 13.—Q. From Mr. Smallman to Mr. Lloyd?—A. That is right, Charles Lloyd.

(*Letter marked “ G.G.H.2.”*)

14.—Q. In 1928, did the Granville Mining Company formulate a scheme for acquiring certain outstanding securities of the Granville Company in exchange for the Shares in the Yukon Consolidated?—A. That is so. 40

15.—*Q.* Do you know what attitude was taken on Mr. Govett's behalf with regard to that in its early stages?—*A.* I was very hesitant as far as I remember with regard to the thing; I was doubtful about it, but eventually all opposition was removed, and I think the proxy was given for it.

16.—*Q.* Will you look at the Memorandum of the 27th March, 1928, and the supplementary one of the 20th April, 1928? (*Handing J.A.D.1.*) Who looked after Mr. Govett's interests after his death?—*A.* Well, we Secretaries, as far as we could.

17.—*Q.* Was it on the terms of those documents that the opposition
10 to the Scheme was withdrawn?—*A.* That is so.

18.—*Q.* Do you produce a certified copy of the Order approving the Scheme?—*A.* That is right.

(*Order marked "G.G.H.3."*)

EXHIBIT No. 79: Filed by Mr. Robertson: Certified copy of Order of Mr. Justice Romer sanctioning Scheme of arrangement 30 April, 1928 re Granville Mining Co., Re the Companies Act. Marked G.G.H. III.

19.—*Q.* Can you tell me whether Mr. Govett's Agreement was carried out?—*A.* Yes.

20 20.—*Q.* Can you tell me when?—*A.* The securities were deposited with us, or rather the new Shares, I think in May 1927.

21.—*Q.* In exchange?—*A.* We did not give the others up for some long time afterwards. There were some in Mr. Govett's name and his brother's, and the Ivanhoe Gold Corporation, and the Zinc Corporation, which together with our's, I handed over to Mr. Treadgold himself personally in June 1929.

22.—*Q.* It could have been carried out before I suppose, if you had been asked to?—*A.* I was waiting to see whether Mr. Chester Beatty was satisfied, and that he had given up his securities. We were all acting
30 together, but following him to a large extent. We did not get any word from him that he had given up his securities till 1929, so the new Share Certificates and the old ones, were lying in our office for safe custody all the while."

(*Mr. McLAUGHLIN, reading*) :—

CROSS-EXAMINATION by MR. FITZROY.

" 23.—*Q.* I notice here in the Agreement that it says that the securities were to be transferred before the 31st day of January, 1925?—*A.* Yes.

24.—*Q.* Of course it was not done for four years afterwards?—*A.* That
is so.

40 25.—*Q.* So when you were in charge of these documents they were given to you, and as Secretary you had charge of them?—*A.* Yes.

26.—*Q.* Can you tell me why it was not carried out to date: why there was a delay of four years?—*A.* The new Certificates were not handed to us by Mr. Treadgold until May 1927.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 21.

George
Goldthorpe
Hay.

Examina-
tion on
Commission
by Mr.

Gardiner—
continued.

Cross-exa-
mination
by Mr.
Fitzroy.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 21.

George
Goldthorpe
Hay.

Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

27.—*Q.* I see it says, "The exchange of securities"—*A.* Yes.

28.—*Q.* What do you understand by that? Of course, the document really speaks for itself, so I am afraid that is not a right question to put to him; the interpretation of the document is for the Court. Perhaps I am not justified in putting the question in that way.

29. Mr. ST. JOHN FIELD: I did not hear the question.

Mr. FITZROY: I asked him what he thought was meant by the last section which is contained in it, but the interpretation is really for the Court.

Mr. ST. JOHN FIELD: Yes.

30. Mr. FITZROY: So I do not think I must ask that. You see the securities were not given over until 1929 and you did not receive the exchange securities, that is the shares, until 1927?—*A.* That is so.

31.—*Q.* What was the cause of the delay. Do you know? First of all, the cause of delay in your not handing over the securities?—*A.* I was waiting to know that Mr. Beatty had handed his over, because he was in touch, if any body was, with Mr. Treadgold. We hardly ever saw him or heard anything from him throughout that period, and I was waiting, as I say, to hear that Chester Beatty had handed his securities over, and then we felt we should all be safe—we hoped so.

32.—*Q.* The carrying out of this contract depended then upon what Beatty did?—*A.* Yes, to some extent—to a considerable extent. But there were some other things which had to be done, I believe, at the same time. One was, that we were to be supplied with copies of the accounts of the Companies, and I think have monthly reports of operations, and also the establishment of an Advisory Committee. We got no word of any of those things.

33.—*Q.* I believe you were to be consulted also, as a matter of fact, with regard to Directors on the Yukon Board. That was so was it not?—*A.* Yes, I think that was so.

34.—*Q.* Did Mr. Govett give you any explanation, beyond the fact that Beatty was not transferring his securities, for holding up and not transferring the securities?—*A.* He was dead in 1926, and these things were not lodged with us until 1927, which was the beginning of the carrying out of that agreement.

35.—*Q.* Not quite that, because the agreement was to be carried out on the 31st day of January, 1925. That is what the agreement says?—*A.* Yes.

36.—*Q.* You say the Shares which you were to receive under this agreement, you received from Mr. Treadgold in 1927?—*A.* That is so.

37.—*Q.* Not earlier?—*A.* No.

38.—*Q.* And the full amount?—*A.* Yes.

39.—*Q.* Or did you receive more or less?—*A.* No, I think the full amount. I have not got the original letter with me under which he deposited them with us.

40.—*Q.* Have you got a copy of it there?—*A.* Yes, this is a copy.

41.—*Q.* Is that the 14th June, 1926?—*A.* No, the 12th May, 1927.

42.—*Q.* You have not the one of the 14th June, 1926?—*A.* No.

43.—*Q.* Did you have a letter of that date, do you know?—*A.* That I cannot call to mind at all.

44.—*Q.* What is the one you have in 1927; may I see that? (Handed).
A. It is only a copy, mind you.

45.—*Q.* This is to your colleague?—*A.* Yes.

46.—*Q.* He is dead also?—*A.* Yes.

47.—*Q.* It says, "I hand you herewith Certificate 041."

Mr. GARDINER: May we know what this document is before it is read?

10 Mr. FITZROY: As a matter of fact, it is a copy (he has not the original) of a letter from Mr. Treadgold to his co-Secretary Mr. Lloyd of the 12th May, 1927. I notice in this letter it says: "These Certificates are not in accordance with the late Mr. Francis Govett's list of the 14th June, 1926, in his letter of that date." Do you know anything about that letter of Mr. Govett's of the 14th June?—*A.* No.

20 48.—*Q.* Have you the letter then: "I hand you herewith Certificate No. 041 for 75,000. Preferred Shares in the name of The Lake View Investment Trust Ltd. Certificate No. 073 for 82,194 Ordinary Shares in the name of The Lake View Investment Trust Ltd., Certificate No. 074 for 87,020 Ordinary Shares in the name of The Zinc Corporation Ltd., Certificate No. 075 for 89,541 Ordinary Shares in the name of The Ivanhoe Gold Corporation Ltd., Certificate No. 079 for 28,371 Ordinary Shares in the name of F. A. Govett, Certificate No. 077 for 4,873 Ordinary Shares in the name of F. L. Govett, Certificate No. 078 for 24,361 Ordinary Shares in the name of J. R. Govett. These Certificates are now in accordance with the late Mr. Francis Govett's List of 14th June, 1926 in his letter of that date, and give, as promised to him, without further cost the splitting of the Certificates handed back to him to me to be divided, namely, Certificate No. 008 for 316,360 Ordinary Shares and Certificate No. 011 for 75,000 Preferred Shares." With regard to the Certificate 008, did you ever see that: for 316,000? Did it ever come into your hands as Secretary?—*A.* I cannot remember. If you add the total number of those different bundles of Ordinary Shares, you will find it comes out to exactly that number.

30 49.—*Q.* That is not what I asked you; that I know. What I did ask you was: do you remember ever seeing that Certificate for 316,000?—*A.* No.

50.—*Q.* Would Certificates of that sort pass through your hands?—*A.* Not necessarily. Mr. Lloyd may have had it.

51.—*Q.* Mr. Lloyd was your senior?—*A.* Well, we were equal; we were treated by the Board as equals: one post two people.

40 52.—*Q.* There is a reference there to an earlier letter of 1926.—*A.* It refers to Mr. Govett's list of the 14th June, 1926, in his letter of that date.

53.—*Q.* There is a reference there to a letter; what I was going to put to you was this: that that Certificate was in Mr. Govett's possession in 1926?—*A.* That I could not tell you.

54.—*Q.* And the next Certificate also—there is one for Preferred Shares following, is there not?—*A.* Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 21.
George
Goldthorpe
Hay.

Cross-ex-
amination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 21.

George
Goldthorpe
Hay.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

55.—Q. Since Mr. Lloyd died, have you been in sole charge?—A. Well, the Certificates, of course, were lodged with the Bank and remained there.

56.—Q. Have you been in sole charge since?—A. No.

(Copy Letter of 12th May, 1927, marked G.G.H.4.)

EXHIBIT No. 80: Filed by Mr. Mason: Copy letter dated May 12, 1927 to Chas. Lloyd from Treadgold marked G.G.H.IV.

57.—Q. That is the only explanation you have to offer, why this contract was not carried out on the date which it was intended to be carried out, that Mr. Beatty had not delivered his, and you were waiting till he did?

Mr. GARDINER: That is what he said.

58.—Q. I think he said he was waiting until he was satisfied?—A. That was only one of the things—the final thing for giving them up. Do not forget those Shares were not deposited with us till 1927. That accounted for half the period.

59.—Q. They had to be collected by you?—A. No.

60.—Q. The Shares themselves, not these securities?—A. The main reason, as I said before, was that we had to receive certified accounts of the Company's operations, monthly reports, I think it was, and the establishment of an Advisory Committee, and as to the constitution of the Board.

61.—Q. But I do not find anything of that sort here. This agree-
ment is between Cunnynghame and Smallman, and it recites that the
Yukon Consolidated Gold Corporation was incorporated for certain purposes,
and then it says: "will have vested in it the following securities, amongst
others," then it gives a long list of securities, and then it says: "F.A.G. will
use his best endeavours to have transferred to the Trustees 6 per cent.
Debenture Stock of the Granville Mining Company Limited up to a nominal
value of £25,000 belonging to clients of his. The figures of all securities
except those in the Yukon Consolidated Gold Corporation Limited are
approximate only and it is agreed that F.A.G. is to transfer to the Trustees
the whole of his interest and of his Associated Companies in the securities
mentioned above," that is that very long list, "and the Trustees are not
to object should it be found that in any cases the figures are slightly in excess
of the actual amounts held by F.A.G. and his Associated Companies. The
exchange of securities to take place before the 31st day of January One
thousand nine hundred and twenty five." You have told us that you
received those split Certificates in 1927?—A. That is right.

62.—Q. I am putting to you that the correspondence shows that the original ones were delivered in 1926, and you still did not deliver your interest until 1929?—A. That is true.

63.—Q. And the explanation which you have given me of that is that
you did not deliver them because Beatty had not delivered his?—A. Yes,
in addition to the other requirements, or rather understandings, that we
had.

64.—Q. I do not find anything else in the document.—A. Perhaps
you do not, but that is what my recollection of it was at that time.

65.—*Q.* That is the only explanation you have as to why the agreement was not carried out at the proper time?—*A.* Yes.

66.—*Q.* Did you ever see a letter from Mr. Govett to Major Cunnyngame and Mr. Smallman of the 8th December, 1924, to this effect—I have not the letter, but this is a copy; the letter, of course, would be with Cunnyngame and Smallman. Did you ever see any letter written by Mr. Govett to Messrs. Cunnyngame and Smallman on the 8th December, 1924?

Mr. ST. JOHN FIELD: Where is the original, please?

10 Mr. FITZROY: I do not seem to have the original.

Mr. ST. JOHN FIELD: I object to this.

67.—*Q.* Mr. FITZROY: In 1927 then, you received the Shares; why did not you hand them over then; was that still because Mr. Beatty had not handed his over?—*A.* In what year?

68.—*Q.* 1927. That is after Mr. Govett's death, is it not?—*A.* Yes.

69.—*Q.* At his death they had not been handed over?—*A.* No.

70.—*Q.* Were you one of his Executors?—*A.* No.

71.—*Q.* Do you know when they were handed over. You say they were handed over in 1929: what date, do you remember?—*A.* 3rd June, 20 1929.

72.—*Q.* And were they handed by you?—*A.* To Mr. Treadgold himself.

73.—*Q.* You handed them over personally to Mr. Treadgold?—*A.* Yes.

74.—*Q.* You did not see either Mr. Smallman or Major Cunnyngame with regard to that?—*A.* No.

75.—*Q.* In what capacity did you hand them over to Mr. Treadgold?
A. As Joint Secretary of the Lake View Investment Company.

76.—*Q.* Why hand them to Mr. Treadgold, when you had made an arrangement with Messrs. Cunnyngame and Smallman?—*A.* He had 30 brought the Certificates along with him, the new ones, and lodged them with us.

77.—*Q.* And the only explanation that you have to offer of why you did not hand them over in 1927, was that you were waiting on the satisfaction of Mr. Beatty?—*A.* I think I have said two or three times what the other reasons were."

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 21.

George
Goldthorpe
Hay.

Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

No. 22.

Evidence of John Broad (on Commission).

In the
Supreme
Court of
Ontario.

Defendant's
Evidence.

No. 22.
John Broad.
Examina-
tion on
Commission
by Mr. St.
John Field.

(Mr. ROBERTSON, *reading*):

“ JOHN BROAD, having been duly sworn, was examined by
Mr. ST. JOHN FIELD as follows :

- 1.—*Q.* Your name is John Broad?—*A.* Yes.
- 2.—*Q.* You are a Solicitor of the Supreme Court of Judicature in England?—*A.* Yes.
- 3.—*Q.* And the senior partner in the firm of Broad & Son, of 1, Great Winchester Street, London, E.C.2. ?—*A.* Yes. 10
- 4.—*Q.* Do you remember being consulted by Mr. Chester Beatty with reference to proposals for taking over his interest in certain Companies that had interests in the Yukon territory, Canada?—*A.* Yes. I was acting for Mr. Chester Beatty, of course.
- 5.—*Q.* Acting as his Solicitor in that matter?—*A.* Yes.
- 6.—*Q.* Were certain draft heads of agreement, which I do not want to put in, submitted to you?—*A.* Yes.
- 7.—*Q.* And ultimately, was a letter produced?—*A.* Yes, a letter was produced.
- 8.—*Q.* Who brought you the letter?—*A.* Mr. Treadgold brought me 20 the letter—no, I beg your pardon, the letter was handed to me by Mr. Chester Beatty as having been delivered to him by either Mr. Treadgold or Mr. Smallman. That was the letter of the 2nd January.
- 9.—*Q.* After revision by you, was there a fair copy made with a Schedule attached?—*A.* May I explain?
- 10.—*Q.* Yes?—*A.* The heads of agreement I think I saw in December, 1924. I revised those after consulting with Mr. Chester Beatty, and returned them to Mr. Smallman, who was one of the parties named in the document, and the Solicitor acting in the proceedings. The letter of the 2nd January, was thereafter handed to Mr. Chester Beatty for signature by him. The letter 30 of the 2nd January that was handed to Mr. Chester Beatty, and by him given to me to be considered as to whether it corresponded with the revised heads of agreement, I found did not correspond, and I declined to entertain the document at all, and I think he returned it to Mr. Smallman. Thereafter, I think on the 7th January, Mr. Treadgold came to me with a substituted letter, dated the 2nd January, signed by Mr. Smallman and by Mr. Cunnyngame, which had been made to correspond with my revised heads of agreement. That document I approved for acceptance by Mr. Chester Beatty, and Mr. Chester Beatty did accept it.
- 11.—*Q.* First of all, is that the letter of the 2nd January as revised 40 by you and signed by Major Cunnyngame, with a Schedule attached?—*A.* This is Exhibit J.A.D. 1, and that is the one which is made to correspond with the revision which I had made in the heads of agreement. That was done in manuscript.

- 12.—*Q.* That is signed by Major Cunnyngame?—*A.* It was brought to me signed by Major Cunnyngame and Mr. Smallman.
- 13.—*Q.* Across a 6d. stamp?—*A.* Yes.
- 14.—*Q.* Then there is a Schedule attached?—*A.* Yes; that was brought to me also at the same time by Mr. Treadgold.
- 15.—*Q.* Is there next following a copy of a letter from Mr. Chester Beatty, dated the 7th January, 1925?—*A.* Addressed to those two gentlemen, accepting this copy.
- 10 16.—*Q.* And was that the form which the agreement between Mr. Chester Beatty and Major Cunnyngame and Mr. Smallman took?—*A.* That was the only one.
- 17.—*Q.* I think you know something about Mr. Govett's agreement?—*A.* Mr. Govett had spoken to me on the business at the same time and said that he wanted his agreement and Mr. Beatty's to be alike, and eventually I think after this thing of the 7th January was signed, Mr. Govett gave me his document, in the form of the heads of agreement, not in the form of a letter.
- 18.—*Q.* That is G.G.H. 1?—*A.* At this distance of time I cannot remember the particular document. This was the one handed to Mr. Govett,
20 but the document I saw was the acceptance, or a duplicate of this, signed by Mr. Govett, and Mr. Govett handed it to me and said that he understood that Mr. Beatty had required certain alterations in the heads of agreement that he had made, and would I retain this until he, Mr. Govett, instructed me to hand it over; and I did retain it.
- 19.—*Q.* Is that the actual document which you retained and handed over, as far as you remember?—*A.* This is not signed by Mr. Govett at all. This is the offer really; this is the one which I suppose was handed to Mr. Govett.
- 20.—*Q.* So far as you can see from glancing at it, does it correspond?
30 —*A.* Yes. The document I had was a similar document to this, but signed by Mr. Govett; it was what Mr. Govett had signed to constitute the agreement.
- 21.—*Q.* The first is a Memorandum of 27th March, 1928; is that the document?—*A.* Yes, this is a Memorandum dated 27th March, 1928. That was prepared by me.
- 22.—*Q.* Then is there a further Memorandum of the 20th April?—*A.* It is dated 20th April, 1928, yes.
- 23.—*Q.* At the date when those were being prepared, was there some opposition to a Scheme of arrangement that you will probably remember,
40 called the Granville Scheme?—*A.* Yes, I remember it very well.
- 24.—*Q.* And it was upon the terms of these Memoranda that the opposition to the Scheme was withdrawn?—*A.* Entirely.
- 25.—*Q.* And those terms having been arranged, the Granville Scheme, as we know, went through?—*A.* We were the opponents and we withdrew our opposition upon that. There may have been other opposition which I had nothing to do with.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 22.
John Broad.
Examina-
tion on
Commission
by Mr. St.
John Field
—*continued.*

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 22.
John Broad.
Examina-
tion on
Commission
by Mr. St.
John Field
—*continued.*

26.—*Q.* Yes, but as far as your opposition was concerned?—*A.* Yes, as far as Mr. Govett and those claiming under him and Mr. Chester Beatty are concerned, it was withdrawn upon this.

27.—*Q.* Upon the terms of those two Memoranda?—*A.* Upon these documents. These were signed in my office and by the authority of Mr. Chester Beatty, I signed on his behalf.

28.—*Q.* Thank you. Just to get it on the Note, those two Memoranda are contained in the Exhibit which is now J.A.D. 1?—*A.* Yes.

29.—*Q.* The whole bundle is marked J.A.D. 1?—*A.* Yes. There is some other correspondence in it which I do not pretend to know about at all. 10

30.—*Q.* Quite, I am not asking you about those. Thank you.

(Mr. McLAUGHLIN, *reading*):—

CROSS-EXAMINATION by Mr. FITZROY.

Cross-exa-
mination
by Mr.
Fitzroy.

31.—*Q.* Is that Agreement which you have been referring to the one which was No. 206 in the former action?—*A.* Unless I look at it again, I cannot tell you. (After looking.) I see there is a pencil number here 45.

32.—*Q.* Yes. Now the Securities which were to be delivered by Mr. Beatty, were they delivered?—*A.* I am afraid I cannot tell you, except that it was after the opposition to the Granville Scheme was withdrawn, so far as I know. 20

33.—*Q.* But was there a time limit at all, any time stated for delivery in that first one of the 2nd January, 1925?—*A.* I think there is a date fixed in the Agreement itself. I would like to tell you at once that I had nothing to do with the carrying out of the bargain—the delivery of the Securities; that was done through Mr. Chester Beatty's office; all I do know was that in 1928 there were defaults under the Agreement and we opposed the Scheme.

34.—*Q.* Well, when were the various Securities which Mr. Beatty had to deliver, delivered?—*A.* I am afraid I cannot tell you. 30

35.—*Q.* Were any ever delivered in 1925?—*A.* I should say not; I would say certainly not. My recollection is they were not delivered until after the opposition to the Granville Scheme was withdrawn.

36.—*Q.* But when this Agreement was entered into, was not it part of the Agreement that they were to be delivered forthwith and immediately?—*A.* Will you let me refresh my memory by looking at it. I think there is a date in it.

37.—*Q.* Yes. (Document handed.)

38. Mr. ST. JOHN FIELD: I think you will find "within 12 months"?—*A.* Yes, I think that is the only date. Apparently the securities were to be held by Mr. Smallman and Major Cunynghame as Trustees for the Corporation, that is to say, for Yukon Corporation. 40

39. Mr. FITZROY: Yes?—*A.* "For the purchase and transfer to that Company of the outstanding securities."

40.—Q. Yes?—A. There were a number of outstanding securities which at that time had not been provided for—for a certain total consideration, “ which outstanding securities we shall do our best to endeavour to acquire at or within the respective rates shewn in column ‘ D ’ of the schedule. We also agree that the Corporation will not, nor will we, pay for the whole of the said outstanding securities amounts in excess of those shewn in column ‘ E ’ of the schedule without your previous express consent. If any of such outstanding securities are not so purchased and transferred to the Corporation within twelve months from this date, we will thereupon return to that Com-
 10 pany the whole or such portion of the said 1,106,200 Ordinary Shares as we have not duly applied in accordance with the above provisions.” I do not find any other date, so far as I can see.

41.—Q. Just give me that document for a moment. (Same handed.) If you will turn to the schedule here, this is what I find. It is divided up into columns, A, B, C, D, E. A is “ Securities issued by the Companies, etc. ” : B is “ Securities to be transferred now ”?—A. Yes.

42.—Q. “ Securities to be transferred now to the North Fork Power Company.” That is the point I am on : they were to be delivered now to the North Fork Company. That is, the 2nd January?—A. Yes.

20 43.—Q. Then the third (C) is : “ Securities left outstanding ” ; and the fourth (D) “ Rate of Exchange ” ; and the fifth (E) : “ Shares of Yukon Consolidated Gold Corporation to be held by the trustees to effect exchange ” ?—A. Yes.

44.—Q. Look in column B : “ Securities to be transferred now ” and you will see this : “ A. C. Beatty and associates ” and in column A : “ £9,000 Receiver’s Notes of the Granville Mining Co.,” that is so, is it not?—A. There is £9,000.

30 45.—Q. £9,000, under column A, and that is divided up into certain proportions of which A. C. Beatty and associates are represented by £1,100 ?—A. Quite right.

46.—Q. Were they delivered then?—A. Obviously they were not delivered then, because the price could not be paid for or had not been paid for. This was a sale and purchase Agreement.

47.—Q. Yes?—A. They would not have been delivered until the purchase consideration was forthcoming. “ Now,” obviously is an expression that was used with reference to a transaction which was intended to be completed as soon as practicable.

40 48.—Q. I agree, there is no doubt it was intended to be completed quickly, but the great thing is this : they were not delivered, and were not delivered for several years afterwards?—A. For, I think, very excellent reasons.

49.—Q. Never mind the excellent reasons; you can explain that afterwards. The fact I want from you is that they were not delivered for a considerable period?—A. I have said before that I had nothing at all to do with the delivery of the securities or the completion of the purchase contract. I am afraid you must ask someone else about that.

*In the
 Supreme
 Court of
 Ontario.*

Defendant’s
 Evidence.

No. 22.
 John Broad.
 Cross-exa-
 mination on
 Commission
 by Mr.
 Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

50.—*Q.* The next thing is £110,000 at 75 per cent. of face value, of the Granville Mining Company Ltd. Against that there is £10,257 worth of Securities to be delivered by Beatty now?—*A.* Yes.

51.—*Q.* That was not done?—*A.* I cannot tell you anything more about it than I have already said.

Defendant's
Evidence.

THE COMMISSIONER: This witness has said several times that he did not have anything to do with the carrying out of the Agreement.

No. 22.
John Broad.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

52. MR. FITZROY: Did you ever hear or have brought to your notice the fact that Mr. Beatty had not delivered these Securities; did you ever have to deal with anything of that?—*A.* In the sense that the purchase had not been completed, yes. As I have said, the opposition in the Granville case in 1928 was due to the fact that this Agreement had not been carried into effect. 10

53.—*Q.* In 1928 these Securities here had not been delivered. Can you say that—at that period?—*A.* I cannot say that, I have said I had nothing at all to do with the delivery of them. I did not deliver them ultimately. I do not know when they were delivered, but I feel perfectly certain that they could not have been delivered until the opposition to the Granville Scheme had been disposed of.

54.—*Q.* And do you know whether they ever have been delivered or do not you know?—*A.* I do not know. I assume they have been, because I believe the purchase consideration has been paid. 20

55.—*Q.* You believe it has. I am putting to you this: that the purchase price of these was paid in 1926?—*A.* I do not know.

MR. FITZROY: That is all I ask.

MR. ST. JOHN FIELD: Thank you."

MR. ROBERTSON: We come to two long witnesses, Colonel Fielding and Mr. Corbett. I want to say this before starting in, that Col. Fielding's examination is a good deal over 100 pages. I quite appreciate I cannot read extracts without my friend's consent, and I have no right to ask my friend to limit what he is going to read because I limit what I read. To shorten the matter and still give your Lordship all that is essential from the plaintiff's point of view if I only read from the examination in chief the questions that I have stated in my letter to my friend I think they serve that purpose. I quite understand my friend will say, if you do not read some more my cross-examination will not be wholly intelligible. I venture for the purpose of saving time to make my suggestion to my friend, and if my friend can agree we will save some time. 30

MR. MASON: Does my friend mean to exclude from his evidence in chief some of the evidence? 40

MR. ROBERTSON: I was not intending to read it in, I was intending to tender as evidence questions and answers I read.

HIS LORDSHIP: What would be your position if Mr. Mason read more?

Mr. ROBERTSON : Is my friend's thought to read everything from the examination in chief?

Mr. MASON : I do not know.

His LORDSHIP : Assume for the moment you do read certain portions of the examination in chief and Mr. Mason puts in a great deal of it on cross-examination, it may be necessary for you to proceed further in your reading.

10 Mr. ROBERTSON : I am quite content with this, if I read from my examination in chief and my friend reads the cross-examination I do not want to go back to the examination in chief. I am only making the suggestion to save time. I quite understand he may think his cross-examination will not be as useful as it may be unless I read it all. I am not suggesting my friend agree to anything, I am merely making the proposition to save time. What I suggest is my friend should put in what he sees fit. I think I must put in the whole cross-examination.

His LORDSHIP : Mr. Robertson puts in part and you read the cross-examination. You do not cross-examine solely in regard to the statements made by the witness put in by Mr. Robertson.

20 Mr. ROBERTSON : Nearly the whole of the cross-examination relates to the questions I propose to read. The examination in chief is not the longest part; it is only a third. The cross-examination is twice as long as the examination in chief.

Mr. MASON : I am not suggesting to my friend if he wants to follow that course he should not. I am sorry we could not shorten it in that way. My friend did his best and I did my best last night.

His LORDSHIP : There is a further long examination.

Mr. ROBERTSON : Mr. Corbett's is not so long.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 22.

John Broad
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

No. 23.

Evidence of Roland Charles Feilding (on Commission).

30 (Mr. CALVIN, *reading*) :—

“ROLAND CHARLES FEILDING, having been duly sworn, was examined by Mr. ST. JOHN FIELD, as follows :

- 1.—Q. Your full name is Roland Charles Feilding?—A. Yes.
- 2.—Q. You hold the Distinguished Service Order, and you live at Stoke House, near Slough?—A. Yes.
- 3.—Q. You are a professional mining engineer?—A. Yes.
- 4.—Q. And the Managing Director of General Mines Investment Ltd.?—A. I am Chairman and Managing Director.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commis-
sion by Mr.
St. John
Field.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—*continued.*

5.—*Q.* You know Mr. Treadgold?—*A.* Yes.

6.—*Q.* When did you meet him first?—*A.* I met him first before the war. I was writing a Leading Article for the "Times" on the subject of the Yukon Goldfields, and Mr. Treadgold gave me a good deal of assistance.

7.—*Q.* Then did you meet him again after the war?—*A.* Yes.

8.—*Q.* How did that come about?—*A.* He was re-introduced to me in about June, 1923, by a firm of Stockbrokers, Messrs. Williamson, Fawcett & Stirling, who were Brokers to the General Mines Investment Limited.

9.—*Q.* When you were introduced to him, what happened?—*A.* He was brought to me by Colonel Stirling, who was a partner in the firm of Williamson, Fawcett & Stirling. Colonel Stirling had been approached by Mr. Treadgold with a view to providing some finance for a scheme which he had in view, a scheme for consolidating what he described as about seven-eighths of the whole of the Yukon Field, so as to bring the whole under one management. I am quoting Colonel Stirling; he told me what Mr. Treadgold had said to him, and so far as I remember, he brought me one or two letters from Mr. Treadgold. The gist of the thing was that Mr. Treadgold thought he saw his way to collecting seven-eighths of the Yukon Field—in fact everything that mattered there—and bring it all under one control and management. At that time it was under the control of many different Companies which it was said were very largely over-capitalized. By this operation, this multiple management would be done away with, and the capital would be brought down to a reasonable figure.

10.—*Q.* All that you have been telling us is what Colonel Stirling told you?—*A.* No, Colonel Stirling introduced the subject, and it was elaborated very much; I had many interviews with Mr. Treadgold during the months which followed, and a good deal of correspondence passed between us too; it was then that I accumulated all this knowledge.

11.—*Q.* Is what you have been telling us, the scheme that Mr. Treadgold put before you?—*A.* Yes.

12.—*Q.* I think the first document that we have for you to produce is a letter from Mr. Treadgold of the 13th July, 1923?—*A.* Yes, this is a letter which I received from Mr. Treadgold.

13.—*Q.* Of the 13th July, 1923?—*A.* The 13th July, 1923.

14.—*Q.* That is the original?—*A.* Yes.

15.—*Q.* Is the next document a copy letter from him dated the 23rd July, 1923?—*A.* Yes.

16.—*Q.* Have you the original letter of Mr. Treadgold of the 26th July, 1923?—*A.* Yes.

17.—*Q.* That is the original, signed by Mr. Treadgold?—*A.* It is the original, signed by Mr. Treadgold.

18.—*Q.* I must formally ask, I am afraid, whether you know what has become of the original of that letter of the 23rd July?—*A.* It is very difficult to say, because so many of the originals were handed over in the various actions which have taken place. I have a few left, but I do not

think I have that. I have an original here of January 11th, 1924. No, I cannot say; I should think it has probably been handed in.

19.—*Q.* I want it to go on the note that the letter of the 13th July is the one which says: "The £25,000 will be paid to the Goldfields, every bit of it"?—*A.* Yes.

20.—*Q.* The copy of the letter of the 23rd July, begins: "With reference to accommodation"; in fact, it is really only about office accommodation and so on?—*A.* Yes.

21.—*Q.* Then the letter of the 26th July begins: "Supplementing my 10 letters to you of the 13th and 23rd instant, in which I stated the terms we were prepared to offer your Company"?—*A.* That is right.

(*Bundle containing two original letters and one copy marked "R.C.F.1."*)

EXHIBIT No. 81: Filed by Mr. Robertson: Letter of July 13, 1923, Treadgold to Feilding. Copy letters dated July 23, 1923 and to Feilding from Treadgold July 26, 1923 marked R.C.F.1.

22.—*Q.* Was Mr. Treadgold dealing with you personally or as representing General Mines?—*A.* You might say both, really. He primarily came to me, I think, in the position of Managing Director of General Mines, but I helped him a good deal during those six months, from June to 20 December, by helping him to prepare his Memorandums and Documents.

23.—*Q.* What part did the General Mines Investment Limited play?—*A.* The suggestion was that they should take an interest in the E. Y. Syndicate, which was a Syndicate which Mr. Treadgold had formed in October 1922, to act as a kind of conduit, through which the securities and interests which he was collecting in the Klondyke, could be passed into the big consolidated Company, which was to be called the Yukon Consolidated Gold Corporation Limited.

24.—*Q.* Was General Mines Investment Limited to put up money?—*A.* They were to put up money. As a matter of fact, the capital of the 30 E.Y. Syndicate was £100 in 2,000 Shares of 1s. each. There were only 11 Shares issued, that is 11s. was all the capital that was issued, consequently, whatever money was paid by the contributories, of which it was proposed that General Mines Investment should be one, was put up in the form of loans.

25.—*Q.* Did Mr. Treadgold tell you what the loan capital was to be?—*A.* Yes; he told me he was raising £30,000.

26.—*Q.* Was that all?—*A.* That is all he proposed to raise at the moment. His object then was to acquire the interests of the Consolidated Goldfields, which really was the backbone of the Consolidation, and once 40 he had acquired those, he had practically control of the Field, or the seven-eighths of the Field.

27.—*Q.* Did you agree that General Mines should put up money?—*A.* In the end, after much negotiation, we agreed to put up £5,000.

28.—*Q.* Did General Mines Investment in fact put up that money?—*A.* Yes; they put up £2,500 on November 20th, 1923, and £2,500 on November 30th, 1923.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

29.—*Q.* What about you personally; did you join the Board?—*A.* I was appointed to the Board of the E.Y. Syndicate in June, 1924—I think it was June 27th. We have a record of the dates here, am I allowed to look at that, just to refresh my memory?

30. Mr. FITZROY: I do not object.—*A.* I was appointed on June 27th.

31. Mr. ST. JOHN FIELD: You told us that the E.Y. Syndicate was to be—I think you said the medium through which you acted?—*A.* Yes.

32.—*Q.* Did Mr. Treadgold produce to you a chart showing the position?—*A.* Yes; he produced one chart, I remember very distinctly; I have not seen it for a long time, but it looked like a sort of lake—a sort of graphic chart which he prepared, the lake being the consolidated Company, and all the sources feeding the lake were put in; I remember there were a number of different colours.

33.—*Q.* Is this the thing? (*Produced*)—*A.* That is it.

34.—*Q.* Do you remember at about what time that was, what date?—*A.* It must have been in 1923 some time, or very early 1924.

35.—*Q.* This is the chart which was marked Exhibit 152 in the previous trial?—*A.* Yes.

(*Chart marked "R.C.F.2."*)

EXHIBIT No. 82: Filed by Mr. Robertson: Chart of securities issued—Chart marked R.C.F.2.

36.—*Q.* Do you see on that a number of green lines all converging?—*A.* Yes.

37.—*Q.* And then just above it is written, "Via E.Y. Syndicate Ltd."—*A.* What is written is this, "The Yukon Consolidated Gold Corporation gets all the green from the E.Y. Syndicate." Then in my writing, "Plus 50,000 new working capital for \$5,000,000 in cash." That is in my writing. "First Preferred and second Preferred and Ordinary Shares." That dates this document back to quite early in our negotiations, because when Mr. Treadgold first came to me, he proposed to have second Preference Shares. That idea was washed out early in the proceedings; therefore, that dates this probably to about June 1923.

38.—*Q.* What do those converging green lines indicate to you?—*A.* That is to show they were all to go into this pool.

39.—*Q.* Is not there something written just above the place where they converge?—*A.* Yes; above the green lines is written: "Via E.Y. Syndicate," and down below is written, "Lease 1. on Hunker Creek," and that also is obviously governed by the little note: "Via E.Y. Syndicate."

39a.—*Q.* Did you also get a letter addressed by Treadgold to Stirling—I cannot see a date on it—and together with that, certain printed Particulars of the Yukon Consolidated Gold Corporation Limited called "Information for Prospectus" with Colonel Stirling's name stamped on it. Do you produce those?—*A.* Yes, I remember these quite well.

40.—*Q.* The letter I think is undated?—*A.* The letter is undated; it begins: "Dear Stirling," and on the top, in Mr. Treadgold's writing is,

“Kindly read the below matter closely with the printed Particulars enclosed.”

41.—*Q.* I see it refers to £30,000 which the Syndicate is putting up?
—*A.* It says: “The E.Y. Syndicate is applying the £30,000 cash, which it is raising, to payment of the cash obligations which must be met before the majority interests now being acquired for the Yukon Consolidated Gold Corporation can be passed into the Corporation.”

42.—*Q.* How did that come to you: through Colonel Stirling?
A. This was brought to me by Colonel Stirling.

10 43.—*Q.* You say it is in Treadgold’s handwriting?
—*A.* Yes, that is in Treadgold’s handwriting.

44.—*Q.* Did the printed Particulars come at the same time?
—*A.* I think they must have, because it has Williamson, Fawcett & Stirling’s business rubber stamp on it.

45.—*Q.* There is no writing on the printed Particulars, is there?
A. Just notes, “*Patton v. Yukon*,” that is all; there is nothing else.

(Undated letter and printed Particulars marked “R.C.F.3.”)

20 EXHIBIT No. 83: Filed by Mr. Robertson: Information for Prospectus and letter attached to Stirling from Treadgold marked R.C.F.3.

46.—*Q.* We know, because we have had the file produced, that the original Directors of the E.Y. Syndicate were Messrs. Lawther and Morrell?
—*A.* Yes, Lawther and Morrell.

47.—*Q.* Who was the Secretary of the E.Y. Syndicate Limited?
A. Mr. Smallman.

48.—*Q.* Was Mr. Smallman also the Solicitor to the E.Y. Syndicate?
—*A.* He was Solicitor both to Mr. Treadgold and to the E.Y. Syndicate.

49.—*Q.* You have told us in, I think you said June 1924, you became a third Director?
—*A.* Yes, on June 27th, 1924.

30 50.—*Q.* I do not know whether it was the same time or whether it was later, but Mr. Smallman also became a Director, did he not?
—*A.* I do not remember when Mr. Smallman became a Director; I think he was a Director before I was—I think a good deal before I was, but I am not sure.

51.—*Q.* He seems to have been a Director by the end of 1923. You told us that the Consolidated Company was the Yukon Consolidated Gold Corporation Limited?
—*A.* Yes.

52.—*Q.* Was that to be a Canadian Company?
—*A.* Yes.

40 53.—*Q.* What was to be done about London?
—*A.* There was to be an Advisory Committee in London, which would hold the resignations of the Canadian Directors, so that the policy of the Yukon Company, that is the Canadian Company, would be in the hands of the London Committee. That is shown in the Minutes of the E.Y. Syndicate. That was the intention.

54.—*Q.* You remained a Director until when?
—*A.* April 1st, 1927.

55.—*Q.* Then you resigned, did you not?
—*A.* My Company, the General Mines Investment, having failed to get its agreement implemented,

*In the
Supreme
Court of
Ontario.*

Defendant’s
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

- In the Supreme Court of Ontario.*
- Defendant's Evidence.
- No. 23.
Roland Charles Feilding.
Examination on Commission by Mr. St. John Field
—continued.
- was compelled to bring an action, and, of course, I resigned from the Board of the E.Y. Syndicate.
- 56.—Q. So you produce a bundle of copy Minutes of the E.Y. Syndicate Limited?—A. Yes.
- 57.—Q. That has been marked at some time as an Exhibit 153 (a)?—A. Yes.
- 58.—Q. And also a copy of some Minutes of the E.Y. Syndicate which has been marked “153 (b)” at some time?—A. Yes.
- 59.—Q. From whom did you obtain those copies?—A. The first one you gave me, I feel sure only includes a few Minutes, and I think they are abbreviated. I think they were extracts from the Minutes which were sent by Mr. Smallman for the use of General Mines Investment Limited in their action against the E.Y. Syndicate in 1927.
- 60.—Q. Then what is the next one?—A. The other is more complete. I have not looked through them, but I presume it is a complete set of the Minutes—at least, as complete as we have ever had it.
- 61.—Q. There are some further Minutes which apparently were produced in Canada, that document has been marked “153 (c)” ?—A. That surely is the same thing.
- 62.—Q. It is not the same, is it?—A. No, it is not the same. The bundle marked “153 (b)” starts from March 2nd 1926, and the bundle marked “153 (c)” starts from the 6th December, 1923.
- 63.—Q. It is pointed out to me that the bundle which is marked either “10 (b)” or “153 (b)” is reversed in date, and it really starts on the 13th August.—A. The first Meeting recorded in this bundle marked “153 (b)” is on the 13th August—it does not give the year—but it must be 1924, because the next one is 1924.
- 64.—Q. You are quite right, in this other bundle it appears again under the date of the 13th August. This bundle 153 (c), which you also produce, starts on the 6th December, 1923?—A. Yes.
- 65.—Q. So it is more complete?—A. Yes.
- 66.—Q. Do you remember when and how you got these?—A. Mr. Smallman, as the Secretary, used to send us copies of the Minutes generally—I cannot say always, because I am not sure, but he generally sent to the Directors, copies of the Minutes after the Meetings which were held. He prepared the Minutes.
- 67.—Q. At any rate, were all those three bundles which I am now asking you to produce, the copy bundles which were produced and used by the Court in Canada in the action of *Patton & Others v. Treadgold*?—A. I have no doubt about that.
- 68.—Q. You can see they are all so marked?—A. I see they are marked.
- (The bundle of Copy Minutes 153 (a) was marked “R.C.F.4.”)
- (The bundle of Copy Minutes 153 (b) was marked “R.C.F.5.”)
- (The bundle of Copy Minutes 153 (c) was marked “R.C.F.6.”)

Mr. MASON : At this point I wish to raise the specific objection to the introduction of the Minutes of the E.Y. Syndicate. That is the specific ground that the Minutes would be self-serving evidence and would not be binding on anyone but the members of the Syndicate.

Mr. ROBERTSON : That is one of the portions of evidence I was not prepared to read. I am not able to argue strongly in regard to it. I do not care whether it goes in or not.

10 His LORDSHIP : It is a fact that Mr. Mason drew my attention to the situation that there was evidence given on the Commission which he would object to as not being evidence against his client. One would not think without further explanation these Minutes would be evidence.

Mr. ROBERTSON : Your Lordship will find that Mr. Treadgold has also taken the position the E.Y. Syndicate was his. The matter comes to this, these are only copies in any event and it seems they are not evidence.

Mr. MASON : It may be as your Lordship suggested these things may be so interwoven with other matters on cross-examination we cannot very well separate them.

20 Mr. ROBERTSON : When you get into the cross-examination you will find more asked about the Minutes than in chief. I am not asking that these should go in.

His LORDSHIP : What you are objecting to is the admissibility of the Minutes of the E.Y. Syndicate.

Mr. ROBERTSON : I do not argue they should go in; any documents that are produced are only copies.

Mr. MASON : I am told on cross-examination they are all inextricably mixed up. I will withdraw my specific objection, but subject to my general objection.

Mr. ROBERTSON : This is referred to as R.C.F.4 and will be Exhibit 84.

30 EXHIBIT No. 84 : Filed by Mr. Robertson : Copy Minutes of Meetings of E.Y. Syndicate held 11th Oct. 1922, 31 May, 1923, 6 Dec. 1923, 15 Dec. 1923; R.C.F.4.

EXHIBIT No. 85 : Filed by Mr. Robertson : Copy minutes of E.Y. Syndicate Ltd., marked R.C.F.5.

EXHIBIT No. 86 : Filed by Mr. Robertson : Copy of minute of E.Y. Syndicate Ltd., marked R.C.F.6, and correspondence relating to E.Y. Syndicate.

“Mr. ST. JOHN FIELD : As the original is apparently not to be found I ought to have asked Mr. Treadgold on his subpoena, if he produces the original Minutes ?

40 Mr. TREADGOLD : They were produced at the Inquiry in London.

THE COMMISSIONER : Mr. Field is asking you whether you produce the original Minutes on your Subpoena ?

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

Mr. TREADGOLD : I produce the only Minute Book I have ever seen.

THE COMMISSIONER : You do.

Mr. TREADGOLD : Certainly. You have got it, Mr. Field, you had it from me in 1931, and you have got nine or ten copies of the only things in it. They are entirely relevant to the first or second year. I fancy they end at an utterly absurd date, something like December 1923.

Mr. ST. JOHN FIELD : I am calling you on your Subpoena now, to produce, if you have it, the original Minute Book of the E.Y. Syndicate Limited. Have you got it?

Mr. TREADGOLD : I do not know, but I will certainly look. It is easy enough to recognise if I have got it : it is a big bound book if I remember rightly.

Mr. ST. JOHN FIELD : You were subpoenaed to produce it here ; do you produce it or not ?

Mr. TREADGOLD : I do not know if it is the book you are asking for or not ; I will have a look and tell you. I will tell you the truth about the Minute Book. I know I have copies of the Minutes in the book, which can be sworn to as copies.

Mr. ST. JOHN FIELD : Please attend to what I am saying ; you have been served with a subpoena, an Order of the Court, to produce here the Minute Books of the E.Y. Syndicate Limited.

Mr. TREADGOLD : Then my answer is : I have not got the Minute Books of the E.Y. Syndicate.

Mr. ST. JOHN FIELD : Then you do not produce them.

Mr. TREADGOLD : I was wanting to help you. I believe it may be in Toronto in my lawyer's office there. It certainly was visible before the Commission in 1931—it certainly was.

Mr. ST. JOHN FIELD : I do not want any of this on the note.

Mr. TREADGOLD : That is all I know.

Mr. ST. JOHN FIELD : I simply call Mr. Treadgold on his subpoena to produce it, and that is all I want to go on the note—and he cannot produce it.

Mr. TREADGOLD : And I know the meaning of that.

69. Mr. ST. JOHN FIELD : (To the witness) : I ask you, to the best of your information, so far as they go, are those accurate copies of the Minutes of the E.Y. Syndicate Limited?—A. Yes.

70.—Q. Have you also there the original agreement between the E.Y. Syndicate Limited and General Mines Investment Limited of the 20th April, 1924?—A. Yes, this is it. (Produced).

71.—Q. And attached to it are the two paid cheques for £2,500 each?—A. Yes.

72.—Q. Drawn by General Mines Investment Limited?—A. Yes.

73.—Q. In favour of Williamson, Fawcett & Stirling?—A. Yes.

74.—Q. What were those cheques actually paid for?—A. They were paid according to the conditions of this agreement of the 30th August.

75.—Q. They are actually earlier in date, are they not?—A. Yes; they were paid, as a matter of fact, in November, and the negotiations between Mr. Treadgold and myself continued for several months. As a matter of fact, I see we did pay this money many months before we finally agreed the terms. The terms were finally agreed, and this agreement dated the 20th August 1924 was the result.

76.—Q. Are those the cheques for the two payments you mentioned just now, that you agreed to invest and did invest in the E.Y. Syndicate Limited?—A. Yes.

(The Agreement and two cheques were marked " R.C.F.7.")

EXHIBIT No. 87: Filed by Mr. Robertson: Agreement re financing between E.Y. Syndicate and Gen. Mines Invest. dated Aug. 20, 1924, with 2 drafts attached marked R.C.F.7.

77.—Q. There are a number of original letters I want to get in: You produced an original letter from Treadgold addressed to you, dated the 9th July, 1924?—A. Yes.

78.—Q. At the bottom is written: "We approve, E.Y. Syndicate Limited." That was Exhibit 150 in the trial in Canada of *Patton v. Treadgold*?—A. Yes.

(Letter marked " R.C.F.8.")

EXHIBIT No. 88: Filed by Mr. Robertson: Letter to Feilding from Treadgold dated July 9, 1924, R.C.F.8.

79.—Q. Then the next is an original letter from Treadgold dated the 9th May, 1925, written on board the "Adriatic," which was addressed to several people?—A. Yes. Do you want to know the names?

80.—Q. Only as an identification.—A. It is addressed to R. A. Lawther, M. Morrell, R. S. Smallman, R. C. Feilding, F. N. Cunnynghame, F. A. Govett and A. Chester Beatty.

81.—Q. That was Exhibit 167 in the Canadian trial?—A. Yes.

(Letter marked " R.C.F.9.")

EXHIBIT No. 89: Filed by Mr. Robertson: Letter to Lawther et al from Treadgold on "Adriatic" dated May 9, 1925, R.C.F.9.

82.—Q. There are one or two other documents that were used in Canada, I do not know whether you can help us about them. They are not quite in order, but they have been stuck together as Exhibit 169. There is a copy letter from Mr. Morrell as Director of the E.Y. Syndicate Limited to Smallman of the 7th July, 1925; there is a cable from Smallman to Treadgold of the 8th July, 1925, and an original letter from Cunnynghame, to the E.Y. Syndicate Limited, of the 10th July. Will you tell me what you know about those?—A. This letter from Cunnynghame is in reply to a letter which was written to him and to Smallman, according to a Resolution of the Board of the E.Y. Syndicate, instructing them not to

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

part with any of the securities which were intended for the consolidation without the consent of the Directors of the E.Y. Syndicate.

Mr. FITZROY : Is that letter in existence ?

83. Mr. ST. JOHN FIELD : What about that cable ; do you know anything about that ?—A. This is a cablegram from Smallman to Treadgold, warning him of the danger of his failure to obey the instructions of the Syndicate.

84. Mr. FITZROY : That is the cable, is it ?—A. That is the cable ; shall I read it ?

85.—Q. Yes, you might.—A. It is from Smallman to Treadgold in 10
Ottawa ; “ Syndicate served notice on self Cunnyngame not to part with any securities without consent and revoked your Power of Attorney which is caused by your non-resignation from Directorships non-appointment of Advisory and failure to send report stop Am afraid could not get Syndicate alter position unless they are satisfied that you have resigned Directorships and appointed Advisory and full report in post.” I did not read the letter from Mr. Morrell, because it was at the bottom ; it should have come first.

86. Mr. ST. JOHN FIELD : The three of them apparently were connected ? —A. Mr. Morrell writes to Mr. Smallman as follows : “ E.Y. Syndicate at 20
a Board Meeting held to-day, of the above Syndicate, the following Resolution was passed : Resolved that notice be given forthwith to Major F. de M. Cunnyngame, and Mr. Raleigh S. Smallman, that neither they, or either of them, part with any of the securities relating to the Yukon Consolidation without consent of the Board.”

87. Mr. FITZROY : I am assuming that the witness was present when these things were done ?—A. That is easily proved by the Minutes, but I take it I was. “ Will you kindly acknowledge receipt of this letter, and give your undertaking to so act, the Syndicate, of course, indemnifying you from such action.” 30

Mr. ST. JOHN FIELD : As you point out, there is the original letter from Cunnyngame and the acknowledgment of that letter.

Mr. FITZROY : What was the date of Cunnyngame's letter ?

Mr. ST. JOHN FIELD : The 10th July, 1925. It is the old Exhibit 169. (*Letters of the 7th July, 10th July and Cablegram of the 8th July, 1925, marked “ R.C.F. 10.”*)

EXHIBIT No. 90 : Filed by Mr. Robertson : Copy of Resolution. Letter Cunnyngame to E.Y. Syndicate 10 July, 1925 and Telegram Smallman to Treadgold July 8th, 1925, and letter from Morrell to Smallman re E.Y. Syndicate dated July 7, 1925. R.C.F. 10. 40

88.—Q. I seem to have here the original of a letter from yourself, Lawther and Morrell—it is a Memorandum, is it not, rather than a letter—of the 10th September, 1925 ?—A. Is that the state of chaos ?

89.—*Q.* Yes. Was that addressed to anybody?—*A.* No, it was marked “Private and Confidential. Yukon Consolidation.” It was a Memorandum which was drawn up on September 10th, 1925.

90.—*Q.* For what purpose?—*A.* It was a Meeting of the Board of the E.Y. Syndicate, and there were present Lawther, Smallman and myself, and we decided that things had got to such a state of chaos, that we had better state the position on paper, and we prepared this letter. Smallman came in late and asked to be allowed to think it over before he signed it. Consequently he never signed it.

10 91.—*Q.* Mr. Morrell signed it, did he not?—*A.* Mr. Morrell signed it and Mr. Lawther signed it and I signed it. The exact facts were that there was a Board Meeting on the 17th September, 1925, and the revised programme regarding the Yukon interests was submitted to the Board, and then on the 20th, this letter was written.

20 92.—*Q.* That is a document of the 10th, is it not?—*A.* Yes. September 10th, I beg your pardon; it is September 10th. I am afraid the answer I gave just now was wrong, because I had the wrong date. It was September 10th there was a Meeting at which Lawther, Feilding, Morrell and Smallman were present. “A letter from Chester Beatty, dated September 8th, 1925, addressed to Colonel Feilding, was read and discussed, and a draft programme for dealing with the situation, dated September 10th, 1925”—that is this document you have just been looking at—“was submitted. After a lengthy discussion the programme submitted was adopted with some modifications and signed by Messrs. Lawther, Morrell and Feilding. Mr. Smallman, who, owing to a previous engagement, was unable to be present at the early stages of the Meeting, asked for time to consider the programme further before signing it.”

(*Memorandum of 10th September, 1925, marked “R.C.F. 11.”*)

30 EXHIBIT No. 91: Filed by Mr. Robertson: Private and confidential note dated Sept. 10, 1925 re Yukon Consolidated R.C.F. 11.

93.—*Q.* I want to go back for a moment to the agreement of the 20th August which you produced and put in, R.C.F. 7. You told us, after long negotiations, those were the terms finally settled between General Mines Investment Limited, and the E.Y. Syndicate Limited?—*A.* Yes.

94.—*Q.* That recites, does it not, the incorporation and the capital of Yukon Consolidated?—*A.* Yes.

40 95.—*Q.* And it goes on to recite that arrangements have been made for the transfer to the Yukon Consolidated of certain securities—I think it says: giving the working control of the major portion of the Klondyke Goldfields or some such statement as that?—*A.* Yes, that is the wording: giving the working control of the major portion of the Klondyke Goldfields.

96.—*Q.* Then it recites, I think, that your Company, General Mines Investment, had agreed to put up £5,000?—*A.* Yes.

97.—*Q.* And then it says that the Syndicate, that is the E.Y. Syndicate Limited, is to transfer, or cause to be transferred, securities to the Yukon?—*A.* Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—*continued.*

98.—*Q.* And the Syndicate have to pay General Mines Investment Limited, interest at 8 per cent. ?—*A.* Yes.

99.—*Q.* Until certain Preference Shares had been allotted ?—*A.* Yes.

100.—*Q.* Your Company was to have 23,500 Preferred Shares, was it not ?—*A.* Yes.

101.—*Q.* And 100,000 Ordinary Shares of \$1 each ?—*A.* Yes.

102.—*Q.* In the Yukon; but they might give you cash instead of the Preferred ?—*A.* They could give us £5,000 cash instead of the Preferred Shares, if they wanted to do so.

103.—*Q.* But you would have the 100,000 Ordinary ?—*A.* We 10
should still retain the 100,000 Ordinary Shares.

104.—*Q.* Is there a date by which they were to transfer ?—*A.* They were to transfer them by August 31st, 1924.

105.—*Q.* In point of fact I think your Company also supplied office accommodation, did it not ?—*A.* Yes; that was the subject of a separate agreement.

106.—*Q.* Was that for the Yukon Company ?—*A.* For all the Yukon Companies—I will not say all: we had the Yukon, the New North West Corporation and Burrell & Baird—in fact, we supplied office accommodation and secretarial accommodation for all the combined Companies. 20

107.—*Q.* You told us before that the acquisition of the Goldfields interest was the backbone of the thing ?—*A.* Yes.

108.—*Q.* And the E.Y. Syndicate Limited did, in fact, acquire and pay for the Goldfields interest, did it not ?—*A.* No, it did not pay for it. The Goldfields interest altogether cost about £60,000. There were two agreements of December 6th, 1923. The first agreement bought, for cash, £22,500, the Goldfields interest in Burrell & Baird and the Northern Light & Power Company and the Granville. They bought it right out for £22,500. The second agreement, which was also dated December 6th, was an option. The agreement acknowledged the receipt of £2,500, and in consideration of 30
the E.Y. Syndicate paying a further £5,000 before the 31st December, 1923, they gave an option to buy their New North West interest for—

Mr. FITZROY: I think as a matter of fact these things should be proved by the production of the actual documents which have been executed. I have not stopped the witness so far, because he is putting quite fairly what the result of them is.

109. Mr. ST. JOHN FIELD: I do not object to my learned friend saying that. Of course, they are going to be proved, but I cannot prove everything at once ?—*A.* They had an option on paying another £30,000 before the end of January of the next year, to acquire the whole of the New North West Corporation's interest. If they did not pay that £30,000 by the end of January, they then had a further option until some time in October—
—I forget the exact date in October, 1924—to buy those New North West Assets for £50,000. In other words, they did acquire them; they paid the £30,000 before the end of January, and they acquired the whole of the Goldfields interest for a total of £60,000. That is what it comes down to. 40

110.—*Q.* I think just now you said in a sense they did not pay; they did actually pay, but borrowed the money to pay with?—*A.* That is true. The money was paid; part of it, I think it was a little bit under £20,000, was provided by contributors to the E.Y. Syndicate, and the balance of £40,000 odd was borrowed from the New North West Corporation itself.

111.—*Q.* At any rate, the E.Y. Syndicate Ltd. did acquire, did it not, the whole of the Goldfields interest?—*A.* Yes, certainly.

112.—*Q.* For cash?—*A.* For cash.

10 Mr. ST. JOHN FIELD: Mr. Fitzroy, as you made an intervention just now, I think it had better go on the note that I have already produced and put in the agreement of the 6th December, 1923, to which you referred.

Mr. FITZROY: Thank you; I have not noted that.

THE COMMISSIONER: Was that the one produced by Mr. Clark, marked "J.W.C. 1."?

Mr. ST. JOHN FIELD: Yes.

113.—*Q.* What was the Beatty and Govett interest?—*A.* Mr. Treadgold and Mr. Smallman were negotiating at that same time, that is, in December, 1923, with Beatty and Govett for their interests, and they used constantly to report to the Board of the E.Y. Syndicate how the negotiations were going on. That is quite clear from the Minutes of the E.Y. It began in 20 1923, if I remember aright.

114. Mr. FITZROY: I do not think you were on the Board in 1923, were you?—*A.* No.

115.—*Q.* You are not stating this from your own knowledge?—*A.* It is a little difficult to dissect my own knowledge from actually being present. After all, this is the fourth time I have given evidence in these cases.

116.—*Q.* I quite understand that, but you realise that what is wanted from you is your own knowledge, and not what occurs in the Minutes; that must be proved by the Minutes themselves?—*A.* Yes.

30 117. Mr. ST. JOHN FIELD: Apart from the fact that you joined the Board in June, 1924, were you throughout this time in touch with what was going on?—*A.* I was in constant touch with what was going on—constantly.

118.—*Q.* With Treadgold?—*A.* With Treadgold.

119.—*Q.* And Smallman, too, or not so much?—*A.* Not so much; Treadgold all the time—almost daily, I may say.

40 120.—*Q.* And we know that ultimately the E.Y. Syndicate, Ltd. did not actually acquire either the Govett interests or the Beatty interests. How did that come about?—*A.* The Beatty interests and the Govett interests ultimately, when they were acquired, were put into the names—after all, this happened 12 years ago—they were put into the names of Smallman and Cunynghame. My recollection is that Smallman and Cunynghame were Trustees appointed by the E.Y. Syndicate to carry that business through. Beatty attended one or two of our Meetings, as you know, when I was present.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

121.—*Q.* Have you got your copy of the Minutes of the 20th August, 1924, before you?—*A.* Yes.

Mr. FITZROY : Is that A. B. or C. ?

122.—*Q.* Mr. ST. JOHN FIELD : That is the Minute of a Board Meeting held at 87 Gresham Street, London. That is your Office, is it?—*A.* That was our Office.

(Adjourned until 2.25 p.m., November 8th, 1935.)

Afternoon Session—November 8th, 1935.

(Mr. CALVIN continues reading evidence of R. C. FEILDING.)

123.—*Q.* On Wednesday, 20th August, 1924, at 12 noon. I see that 10
Mr. Lawther was in the Chair, and there were present Mr. Morrell and yourself?—*A.* Yes.

124.—*Q.* And in attendance, Mr. Treadgold and Mr. Marsh?—*A.* Yes.

125.—*Q.* Mr. Marsh, I think, was your Secretary?—*A.* He was the Secretary of General Mines Investment.

126.—*Q.* When it was resolved that the Syndicate's Office be moved into this Office?—*A.* Yes.

127.—*Q.* Though apparently it had already got there?—*A.* Well, I think its Registered Office was at 8 Queen Street.

128.—*Q.* Yes; and I see that Mr. Smallman, who had hitherto acted 20
as Secretary in addition to his duties as Director, was to be relieved of his Secretarial responsibilities, and Mr. George Curtis Marsh be appointed Secretary of the Syndicate?—*A.* Yes.

129.—*Q.* Was that done?—*A.* That was done.

130.—*Q.* Then there was some question, apparently, of Mr. Morrell being one of the Directors of Yukon Consolidated?—*A.* Yes.

131.—*Q.* And I see that you passed a Resolution; that after discussing the question of the issue of Yukon Consolidated Gold Corporation, Ltd. capital for the purpose of acquiring its proposed holdings in the Klondyke Goldfields was considered, it was resolved: "That the Preferred and 30
Ordinary Capital to be offered be limited to a maximum of \$500,000 convertible preferred and 2,500,000 Ordinary Shares. Such issue to include the purchase price of all interests and cash to be taken over by the Corporation. It was further resolved that the Capital to remain unissued amounting to \$3,000,000 be reserved for issue for Cash, as and when required." Then: "The position regarding the negotiations between Messrs. Beatty, Govett and Treadgold, for the acquisition of Messrs. Beatty and Govett's prior charges in Burrell & Baird, Ltd. and the New North West Corporation, Ltd. were considered and it was resolved that Mr. Treadgold be authorised to endeavour to obtain a definite offer or refusal, 40
and to submit to the Board at their Meeting to be held on Tuesday, August 26th, 1924" ?—*A.* Yes.

132.—*Q.* Do you remember that being done?—*A.* Yes, perfectly.

133.—*Q.* So that you, as a Board, evidently were dealing not only with the Goldfields business, but with the Beatty and Govett as well?
—*A.* Yes, certainly.

134.—*Q.* And indeed, I see you were actually passing Resolutions as to what the Yukon Consolidated should do?—*A.* Yes, we were.

135.—*Q.* Did you consider yourselves to be in control?—*A.* Yes.

136.—*Q.* Now do you remember an incident that happened a day or two later between yourself and Mr. Treadgold?—*A.* Yes, on the 22nd August.

10 137.—*Q.* Tell us what happened?—*A.* I met him, I think it must have been the day before, in the Office of Williamson, Fawcett & Stirling, at Colonel Stirling's Office, in fact, and he, in my opinion, adopted such an impossible manner that—I cannot exactly remember the words, but I remember it coming to a question that he said: "All right, I will give you your £5,000 back." Well, I had no right to accept it; I was a Director of the Company; and he had no right to offer it, because he was not even a Director of the E.Y. Syndicate. I am trying to lead up to the story. Then on the 22nd he came to my Office and tendered a banker's draft for £5,000 to Mr. Marsh, the Secretary. Mr. Marsh brought it to me, and
20 with it he brought a form of receipt which I was asked to sign. I read the form of receipt, which involved giving up all General Mines Investment rights to interest or to office rent or Secretarial salary, and in no case could I possibly have signed that, but I also had doubts as to the source of the £5,000. I made enquiries as to the source, and I found it was money of the North West Corporation. I could not possibly accept that without damaging my friends in the Consolidation, and I refused to accept it.

138.—*Q.* Then I see you were present at another Board Meeting on the 3rd September, 1924?—*A.* Yes.

30 139.—*Q.* And I see that after consideration it was suggested by Mr. Treadgold, who was in attendance, that an Advisory Committee be formed in London consisting of five Members, and this proposal was approved?—*A.* Yes.

140.—*Q.* But: "Resolved that no steps be taken without a full Board Meeting." Then I see again on the 10th September Mr. Treadgold reported the position regarding the negotiations between the Syndicate and Messrs. Beatty and Govett?—*A.* Yes.

141.—*Q.* And it was resolved that Mr. Smallman be re-appointed Secretary?—*A.* Yes.

142.—*Q.* And was he re-appointed Secretary?—*A.* Yes, he was.

40 143.—*Q.* I see on the same date it was resolved: "That the Yukon Consolidated Gold Corporation be requested to pass a Resolution empowering Mr. R. A. Lawther to sign the agreement on behalf of the Corporation." That was to be an Agreement in respect of your office?—*A.* That was in respect of the Secretarial and office accommodation.

144.—*Q.* I see again on the 17th September that: "Mr. Treadgold reported that he hoped to bring the deal to a close to-morrow in connection with the negotiations with Messrs. Beatty and Govett?"—*A.* Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 23.

Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—*continued.*

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

145.—*Q.* On the 24th September, again “ Mr. Lawther stated that he had seen Mr. Treadgold, who had informed him that owing to a meeting with Mr. Govett, he, Mr. Treadgold, would be unable to attend the Meeting of Directors. The negotiations between Messrs. Beatty and Govett were almost completed and Mr. Treadgold would report to the Chairman ”— that would be to Mr. Lawther?—*A.* To Mr. Lawther.

146.—*Q.* Again, on the 1st October: “ Mr. Treadgold reported that the negotiations between Messrs. Beatty and Govett were progressing favourably and that as soon as he had concluded the deal he would report to the Chairman. Mr. Morrell suggested that should Mr. Treadgold's 10 suggestion be adopted whereby the North Fork Company, Ltd. of Toronto, will act as the Vendor of the properties to be consolidated under the control of the Yukon Consolidated Gold Corporation Ltd. an Advisory Board composed of the Directors of the E.Y. Syndicate Ltd. should manage the North Fork Company, Ltd.” Was any Resolution passed then about that? I do not think there was?—*A.* There is no Resolution minuted.

147.—*Q.* I see again on the 22nd October Mr. Treadgold reported that he hoped to bring the negotiations with Messrs. Beatty and Govett to a successful conclusion; and I see that on the 7th November he reported that the negotiations with Beatty and Govett were verbally concluded, and 20 stated that Mr. Smallman was preparing Draft Agreements, and that these Agreements would be placed before the Directors?—*A.* Yes.

148.—*Q.* Does that mean the Directors of E.Y. Syndicate, Ltd.?—*A.* Certainly, yes.

149.—*Q.* Then we get to this: “ Mr. Smallman was requested to submit draft Power of Attorney empowering Mr. Treadgold to sign on behalf of the Syndicate.” You see that on the 7th November. Then on the 12th November Mr. Smallman submitted a Power of Attorney, which was sealed and signed; and it was resolved: “ That Mr. Smallman be requested to hold the Power of Attorney until such time as the Directors 30 may have signified their approval that the same be handed to Mr. Treadgold.” Then on the 26th November we get this: “ The Minutes of the previous Meeting were read and signed.” You were present, I think?—*A.* I was present.

150.—*Q.* “ Mr. Smallman reported that he was seeing Mr. Govett after the Meeting when he hoped to get Agreement signed and to get Mr. Beatty to sign his agreement within the next few days. Mr. Treadgold reported that the Shares of the North Fork Company which are of \$5 each, were held as follows: By Signatories to the Company, 5 Shares; By Messrs. Chrysler & Higgerty (in Canada), 16,000 Shares; By Mr. Smallman, 43,995 40 Shares,” and there were unissued 40,000 Shares, which accounted for the whole 100,000?—*A.* Yes.

151.—*Q.* And: “ It was resolved that Messrs. Chrysler & Higgerty be instructed to forward 16,000 Shares to Mr. Smallman who should hold these together with those at present in his keeping on behalf of the E.Y. Syndicate, Ltd.”?—*A.* Yes.

Mr. FITZROY : “ and other interested parties.”

152. Mr. ST. JOHN FIELD : “ and other interested parties.” Tell me, did you think you were getting control of the North Fork Company?—A. We were given clearly to understand that the whole of the Shares of the North Fork Company were under the control of the E.Y. Syndicate, and Mr. Treadgold was present at the Meeting, but he did nothing to disabuse our minds.

153.—Q. “ It was further resolved,” I see, “ that Mr. Treadgold, as President of the North Fork Company, be requested to give an undertaking to be held by Mr. Smallman, to the effect that none of the unissued Shares of that Company”—that is, the North Fork Company, “ should be issued ”?—A. Yes.

154.—Q. And he did give that?—A. Yes. That was, of course, to safeguard our position as sole controllers of the Company.

155.—Q. Of the North Fork?—A. Of the North Fork.

156.—Q. Then I see a fresh Power of Attorney from the Syndicate in favour of Mr. Treadgold was signed and sealed?—A. Yes.

157.—Q. What happened to the other one?—A. The other one was on December 3rd (that is about seven days later) burnt, because it was considered by the Directors of the E.Y. Syndicate to be too full, and so a new Power was drawn, which was signed on November 26th, which was very limited; in fact it only gave Treadgold power to transfer the interests which had been accumulated to the North Fork and from the North Fork to the Yukon, and Mr. Treadgold at the same time handed us a letter undertaking that he would not use that Power for any other purpose.

158.—Q. You had better take that now. Is that the Power of Attorney which was then signed and sealed? (Document handed.) The date is at the end?—A. Yes, that is it.

159.—Q. That is the Power of Attorney from E.Y. Syndicate, Ltd. to Treadgold, of the 26th November?—A. 26th November, 1924.

160.—Q. And attached to that are two other documents?—A. Attached to that is a letter signed by Treadgold and reading as follows : “ Referring to the Power of Attorney which you have given to me, I am writing this letter to confirm that this Power of Attorney will be used by me only to transfer Assets now vested in the E.Y. Syndicate, Ltd. to the North Fork Power Company, and to it on condition that it transfers such Assets simultaneously to the Yukon Consolidated Gold Corporation, Ltd. I will cable the names of the Directors of the North Fork Power Company so as to give you an opportunity of informing me quickly in the event of any of them appearing to you unsuitable.” It is dated 26th November, and it is directed to the Directors of the E.Y. Syndicate.

161.—Q. I see there is also attached to it a Notarial Certificate of the Power of Attorney. You were just reading the Minute of the 26th November. I see it says : “ a fresh power of Attorney ”; that is the one, is it not?—A. This is the fresh Power of Attorney of November 26th.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

162.—*Q.* It was then signed and sealed, and it refers to the undertaking—an undertaking in fact to the Directors by Mr. Treadgold defining and limiting the uses for which the Power of Attorney could be used by him?—*A.* Yes.

Defendant's
Evidence.

(Power of Attorney together with two attached documents, viz., letter signed by Mr. Treadgold and Notarial Certificate, marked "R.C.F.12").

No. 23.

Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

163.—*Q.* Then I see the Minute goes on: "The question of the appointment of Mr. Smallman and Major Cunnyngame as Trustees on behalf of various interests to be merged in to the Yukon Consolidated Gold Corporation, Ltd., was discussed. Mr. Smallman agreed to write a letter authorising Colonel R. C. Feilding"—that is you—"to act as his agent and giving him the right to sell all documents, correspondence, etc., appertaining to the business of the said Trustees, and it was resolved that this offer be accepted." What was the idea of that?—*A.* Well, we were getting suspicious by that time, and it was a precautionary measure.

164.—*Q.* Yes, but you see that you were to act as agent for Smallman?—*A.* Mr. Smallman always drafted these Minutes. It really meant that I was to have full access to everything that took place in Smallman's office.

165.—*Q.* I see there was a Board Meeting on the 3rd December, of which you have made mention, when the original Power of Attorney of the 12th November was burnt?—*A.* Yes.

166.—*Q.* I see that Mr. Smallman reported to you as the Board of E.Y. Syndicate, Ltd., "that Mr. Govett had signed his Agreement for the sale of his Burrell & Baird, Granville Mining Company and New North West Corporation, Ltd. interests (other than Income Notes) and handed the same to Mr. Beatty, but that Mr. Beatty had not yet signed his"?—*A.* Yes.

167.—*Q.* "and it was expected that he would hand over Mr. Govett's Agreement together with his own some day next week"?—*A.* Yes.

168.—*Q.* I think we had it on the Minute, did we not, that the suggestion of using the North Fork came from Mr. Treadgold. You will find the suggestion in the Minute of the 1st October, 1924?—*A.* Yes, that is right.

169.—*Q.* You say that that suggestion was made by Mr. Treadgold. Did Mr. Smallman say anything about that suggestion?—*A.* Yes, Mr. Smallman recommended it in his capacity as Solicitor for the Company.

170.—*Q.* Then was there another interest that was also being considered at this time—Mr. Patton's interest?—*A.* Mr. Patton's interest, yes.

171.—*Q.* What was that in?—*A.* There were various Assets. One of them was this one known as the Anderson Concession, and there were some other minor Assets, I believe.

172.—*Q.* But I see, if you look at the Minutes of the Meeting of 17th December, 1924, that: "The question of Lease I was considered, and it was resolved that his Syndicate"—that is the E.Y. Syndicate, Ltd.—"do borrow from The Canadian Bank of Commerce or the New North West Corporation Ltd. a sufficient sum of money to pay the deposit of £15,000

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and to provide for the other immediate needs of the Syndicate and that Lieut.-Colonel R. C. Feilding and Messrs. Morrell and Smallman be appointed a sub-Committee of the Board to carry the loan through with full power to execute the necessary documents for the Syndicate." Then at the next Meeting, on the 29th December, I see it was resolved: "That the proposed loan from the Canadian Bank of Commerce be proceeded with and that Mr. Smallman should be authorised to obtain a draft for £15,000 from the Bank and pay same over to Mr. Patton in exchange for his agreement respecting Lease 1," and I see that on the 30th December there was a Shareholders' Meeting to authorise the borrowing. Then also on the 30th December you had a Directors' Meeting, when you resolved to borrow money from the Canadian Bank of Commerce?—A. Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

173.—Q. Then I see on the 14th January: "Mr. Smallman reported that Mr. Chester Beatty had duly signed his Agreement with Major Cunynghame and R. S. Smallman and same had been handed to him, which he was holding. Mr. Govett's Agreement had been signed by him and Mr. Smallman hoped to receive same this week." You told us that you were to know everything that had been done; did you know that Major Cunynghame and Mr. Smallman also gave a Power of Attorney to Treadgold?—A. Yes.

174.—Q. Did you see it?—A. I cannot remember that; I do not think so.

175.—Q. I will ask you to look at that and tell me if those are Cunynghame's and Smallman's signatures. (Document handed.) A. I cannot swear to Cunynghame's, but that is Smallman's signature. That appears to be a Power of Attorney granted by them to Mr. Treadgold, and it is dated the 16th January, 1925, is it not?—A. It is dated 16th January, 1925.

176.—Q. It has attached to it, has it not, a Notarial Certificate?—A. It has attached to it a Notarial Certificate.

177.—Q. To which Mr. Smallman deposes. Did you know that that Power was given?—A. Oh yes.

178.—Q. For what purpose?—A. I say "Oh yes," but, of course, as I have said already, it is very difficult to sort out all this information, which is spread over 12 years I knew perfectly well—it is minuted in the E.Y. Minutes—that Smallman and Cunynghame were appointed Trustees on behalf of the E.Y. Syndicate to carry out the negotiations with Beatty and Govett. But I do not think I have seen before this Power of Attorney from Cunynghame and Smallman to Treadgold, but, of course, obviously, they would have to give him a Power of Attorney.

179.—Q. To enable him to do what?—A. To enable him to make the necessary transfer of the Beatty and Govett Assets to the North Fork Company, and from the North Fork Company to the Yukon Consolidated.

(Power of Attorney with Notarial Certificate attached marked "R.C.F. 13.")

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—*continued.*

180.—*Q.* Before Mr. Treadgold left for Canada, because we know he was there attending the Board Meetings in December, was there any arrangement made about the Board of the Yukon Consolidated?—*A.* Yes.

181.—*Q.* With him?—*A.* Yes, certainly.

182.—*Q.* Tell us what that was?—*A.* The arrangement was that a new Board should be appointed in Canada to manage the Yukon Consolidated Company, such Board to be composed entirely of Canadians who would be subject to the instructions of a London Committee to be formed. The London Committee were to hold the resignations of the Canadian Directors, which would ensure their having control; and at the Meeting—I see it is not minuted, but I did not prepare these Minutes, they were prepared in Mr. Smallman's office—what actually happened was that we were all at that time Directors of the Yukon Consolidated—when I say “all,” the Directors of the Yukon Consolidated at that time were Lawther, Feilding, Treadgold and two others, but I cannot remember their names, but Lawther and I, in order to carry out this arrangement, signed away our qualifying shares: we each had a qualifying share; and we appointed then and there two Canadians as Directors to fill our places. I say “we,” but really it was the remaining Directors; that would be —

183.—*Q.* Treadgold and these other two?—*A.* It is a little difficult to remember the other two Directors, and it is no good guessing at it. There were five English Directors at the time, of whom Lawther, myself and Treadgold were three; and first of all, two of us resigned. That left three, which was a quorum, and they appointed two Canadians. Then the other two English Directors resigned also, or rather, as far as I remember, the process was that we signed away our qualifying share. I remember Mr. Smallman producing a book which we had to sign. It was a way that I was not accustomed to doing these things, but apparently it was the Canadian way, and we signed away our shares. Then Treadgold went to Canada and called a Meeting of the two Canadians we had appointed, and himself. His instructions, and the whole understanding, was, that having called this Meeting, he was to appoint two other Canadians and then he was to resign himself. The next thing we heard was that he had remained on the Board and had been appointed President,—which was entirely in direct contradiction of the arrangement and undertaking which he had made with us on November 26th, I think it was.

184.—*Q.* Then the next Meeting of the E.Y. Syndicate Limited to which I want to direct your attention is that of 3rd April, 1925, when Lawther, Smallman, Feilding and Morrell were present, and Mr. Treadgold attended?—*A.* Might I make a remark about that last answer that I gave?

185.—*Q.* Yes?—*A.* It is a little difficult to remember exactly what the procedure was, but I see that the Yukon Directors, in February, 1924, were Cunnyngame, Finney, Kaise and Lawther and Feilding, we last two having been appointed on February 25th, 1924. I do not know that that really affects my answer, when I come to think of it.

186.—*Q.* Then we come to the Meeting of the 3rd April. Between the 14th January, 1925 and this Meeting of the 3rd April, 1925, had Treadgold

been to Canada? You remember the Agreements are made over there?—
A. Yes.

187.—Q. Then you see, if you look at the Minutes of this Meeting of 3rd April, if you look at the head, that Mr. Treadgold was in attendance. Then a little way down it says that Mr. Treadgold reported upon his visit to Canada and America?—A. Yes.

188.—Q. “And it was resolved that Mr. Smallman be requested to report in writing by the 16th inst. upon the position of the consolidation of the Companies concerned.” Do you know whether he ever did?—A. It is only minuted that he reported, but not in writing. I have seen a Report since those days, which I think is dated April 16th, 1925, and purports to be signed by Mr. Smallman. I have no recollection of a written Report being put on the table and in the Minute there is nothing about it.

189.—Q. No. We will come to that. I just want to finish this one of the 3rd April. I see it was resolved “That Major F. de M. Cunynghame and Raleigh S. Smallman be released from their undertaking not to dispossess themselves of Lease 1 until they had arranged for the re-payment of £15,000 of the Syndicate’s loans on their undertaking to obtain from Yukon Consolidated Gold Corporation Ltd. a letter or agreement indemnifying The E.Y. Syndicate Ltd. in respect of £15,000 of the Syndicate’s Loans”; so that by that time had E.Y. Syndicate acquired Lease 1?—A. E.Y. Syndicate borrowed that £15,000 and paid it over to Mr. Patton on December 31st, 1924. The total purchase price was £30,000.

Mr. FITZROY : Where is this you have been reading?

Mr. ST. JOHN FIELD : I have been reading the Minute of the 3rd April.

THE WITNESS : The total purchase price was £30,000, half in cash and half in Shares.

190.—Q. Yes. Then you have referred to the Minute of the 16th April, in which it is minuted that Mr. Smallman reported as to an Agreement and other documents entered into?—A. Yes.

191.—Q. Then I see that the question of assigning the various securities to the Yukon Consolidated Gold Corporation Limited was considered and Mr. Smallman was requested to ascertain whether it would be possible for the Yukon Consolidated Gold Corporation Ltd, to take over the remaining assets and have the loans obtained by the Syndicate transferred to the Yukon Consolidated Gold Corporation Ltd. Tell me, at this date had you seen the Agreement which Mr. Treadgold had entered into in Canada?—A. I should say not.

192.—Q. Then I see there was a Meeting on the 30th April, when all four Directors of the E.Y. Syndicate Ltd. were present and Mr. Treadgold in attendance, and it was agreed that the Yukon Consolidated Gold Corporation Ltd. should function at once and the following be elected as Members of the London Advisory Committee: Mr. Lawther, Colonel Feilding, Major Cunynghame, Mr. Smallman, Mr. Chester Beatty, (and as alternate Mr. Dunn) and Mr. Morrell. In point of fact, although you resolved that, were you appointed Members of the London Advisory Committee?—A. The

*In the
Supreme
Court of
Ontario.*

Defendant’s
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—*continued.*

London Advisory Committee was never appointed. It had to be appointed by the Yukon Consolidated. It was promised for May 18th or 19th, as you will see by the Correspondence, by Mr. Treadgold's letter of May 9th, 1925, but it was never carried out.

193.—*Q.* Then I just want to call attention to the next bit of that Minute: "It was suggested that Messrs. H. Elwell & Co. should be appointed Solicitors in place of Mr. Smallman"?—*A.* Yes.

194.—*Q.* And they were, I think?—*A.* They were, yes.

195.—*Q.* There are some letters a little later on from Mr. Smallman to Elwell which I shall have to refer to. Then I see, turning over the page, 10 that: "It was reported that Mr. Chester Beatty had agreed to transfer his Burrell & Baird's interests. A discussion of great length took place as into what name the Shares of the North Fork Power Company Ltd., held by Mr. Smallman, should be placed." Did you know in what name those Shares were?—*A.* We were told that 16,005 were in the name of Chrysler in Ottawa and 40,000 were unissued and the remainder were with Mr. Smallman for safe keeping.

196.—*Q.* But did you know in whose name they were registered?—*A.* Mr. Smallman reported to us—I think in writing, but he certainly reported to us—that these Share Certificates were all endorsed by the 20 registered owners and were therefore, according to Canadian Law, equivalent to Bearer Shares, and presumably therefore, if he held them on our behalf, they were ours—they were good delivery. But we were suspicious at that time, and we thought that it would be safer to have them registered in our name.

197.—*Q.* Let us go to the Meeting of the Board of the E.Y. Syndicate Ltd. of the 13th May. Again there were the four Directors present, and Major Cunynghame and Mr. Marsh in attendance. I see, first of all: "The question of the Power of Attorney granted by the Syndicate to Mr. Treadgold on 26th November, 1924 was discussed and Mr. Smallman 30 explained that this power of Attorney was in Canada for the purpose of production to the Registration Officials. He reminded the Board that the powers granted under this Power of Attorney are limited to the transfers of properties to the Yukon Consolidated Gold Corporation Ltd., and North Fork Power Company Ltd. Mr. Patton's agreement for Lease 1 containing receipt for £15,000 was exhibited to the Board. The question of the safe custody of the shares of the North Fork Company was discussed and Mr. Smallman undertook to write a letter to the Board setting out the nature of the Trust under which he holds these shares." Did he ever do that, do you know?—*A.* Yes, he did. 40

198.—*Q.* I think there is a copy of that letter, is there not, in your bundle 153-C?

Mr. TREADGOLD: It is in the Evidence, Sir. I could certainly get a copy of it if anybody wants one. It is in the Evidence.

Mr. ST. JOHN FIELD: Please. I do deprecate these interruptions by Mr. Treadgold.

199.—*Q.* “ Mr. Treadgold’s letter dated May 9th ”—that is the letter we had this morning, and I think was a letter written on the “ Adriatic ” ?
—*A.* That is the “ Adriatic ” letter, yes.

200.—*Q.* “ — was read and discussed. It was thought better for Mr. Treadgold to send to the Advisory Committee of the Yukon Consolidated Gold Corporation Ltd., plain resignations from the Boards of the Yukon Consolidated Gold Corporation Ltd., New North West Corporation Ltd., and Burrell & Baird Ltd., such resignations to be held by the Committee in abeyance, and Mr. Smallman was requested to send Mr. Treadgold resignations for his signatures and similar resignations of his co-directors the same to be treated in the same manner as Mr. Treadgold’s resignation.”
Did you ever get those resignations?—*A.* No, we did not.

201.—*Q.* Then I see that Mr. Smallman reported that Mr. Treadgold had informed him that there was no intention on the part of the New North West Corporation Ltd., giving a lay ”—I think that must be “ a lease ” ?—*A.* No, “ lay ” is the right word, but it means a lease.

202.—*Q.* “ —giving a lay of their land to the North Fork Power Company.” We had better have it on the Note that that word “ lay ” is correct?—*A.* Yes, it is correct, but it means a lease.

203.—*Q.* Then towards the end of the Minute I see that “ The question of the control of the Yukon Consolidated Gold Corporation Ltd. was discussed and Mr. Smallman stated that he was satisfied that the control would not be in any one hand.” Did that turn out to be accurate ?
—*A.* Yes, ultimately it turned out to be, certainly.

204.—*Q.* Accurate?—*A.* It never should have been. All the trouble was caused by the fact that it got into Mr. Treadgold’s hands.

Mr. FITZROY : That will be shown by the Share Register, will it not—as to where the control really was ?

Mr. ST. JOHN FIELD : I do not think the witness understood my question.

205.—*Q.* I am asking you whether what Smallman said, namely, that the control would not be in any one hand, turned out to be right, or whether the control did get into one hand in fact?—*A.* I do not quite follow. The control should have been with the E.Y. Syndicate.

206.—*Q.* Yes, I agree, but was it?—*A.* No.

207.—*Q.* Not in fact?—*A.* No, not in fact.

208.—*Q.* Did the control of the Yukon Consolidated get into one hand ?
—*A.* Yes.

209.—*Q.* Then what Mr. Smallman prophesied in saying that it could not happen, did happen?—*A.* It did happen.

210.—*Q.* Then we go to the 20th May; I think that is the next one we need refer to. I need not read the earlier part of it. I see that “ Mr. Lawther reported the result of an informal Meeting of the proposed Yukon Consolidated Gold Corporation Ltd., Advisory Committee, held on the 14th inst., and read a cable sent by Mr. Smallman to Mr. Treadgold setting out their wishes.” Had Mr. Treadgold gone back to Canada? We know

*In the
Supreme
Court of
Ontario.*

Defendant’s
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—*continued.*

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

he wrote a letter from the "Adriatic" on the 9th May?—*A.* Yes, he was in Canada.

211.—*Q.* ". . . and it was resolved that the Syndicate"—that is the E.Y. Syndicate Ltd.?—*A.* Yes.

212.—*Q.* ". . . do support those views"—that is the views expressed in the cable which is set out below, is it not?—*A.* That is right.

213.—*Q.* I will read that in a moment—"and that the Minutes passed at the last Meeting with reference to Mr. Treadgold's resignations from the Board of Yukon Consolidated Gold Corporation Ltd., New North West Corporation Ltd., and Burrell & Baird Ltd., be amended to agree with the cable sent as follows: 'Letters ninth received Beatty insists you resign all Boards immediately and join Advisory meantime.'" "Advisory" means the Advisory Committee?—*A.* "Advisory" means the Advisory Committee in London. 10

214.—*Q.* "Send monthly reports from Dawson giving output expenditure for month and estimated for succeeding month no expenditure except wages and minor disbursements without reference London"?—*A.* Without reference to London it means.

215.—*Q.* That is to London?—*A.* Without reference to London, yes.

216.—*Q.* "North West Share and Noteholders to meet to confirm loan Resignations of all Directors Yukon and Subsidiaries to be held in London. Generally meeting willing give you reasonable latitude but Beatty adamant. Personally strongly advise you cable agreeing unconditionally and sending resignations when all will be out to help you." Then there is a bit about a digger; and that was sent in the name of "Namlams."—*A.* That is Mr. Smallman's telegraphic address. 20

217.—*Q.* And the views set out in that cable were accepted, you say, by the Board of the E.Y. Syndicate Ltd.?—*A.* The views set out in the cable were accepted by the Board of the E.Y. Syndicate, but not by Treadgold. 30

218.—*Q.* He did not accept Mr. Smallman's advice?—*A.* No, he did not.

219.—*Q.* Then apparently we go on, so far as we have got a record, from the 20th May to July; but on the 20th May I think Mr. Smallman did write his letter stating that the Shares of the North Fork Company, with the exception of the qualifying shares, were held as to a portion by him and a portion by Mr. Chrysler at Ottawa, and that he held these Shares as Trustee to ensure that the Shares of the Yukon Consolidated Gold Corporation given to the North Fork Power Company were distributed in accordance with the various agreements and arrangements. That appears in the bundle of documents which you produced this morning (R.F.C.6.). Have you a copy of that there?—*A.* I have a copy here. 40

220.—*Q.* The copy letter from Mr. Smallman reads as follows: "Dear Sir, Re North Fork Power Co. Ltd. The shares of the Company that have been issued with the exception of the qualifying shares of the Directors are held as to a portion by me here and a portion by Mr. Chrysler at Ottawa, these latter to my order. In accordance with your request, I am writing to inform you that I hold these shares as Trustee to ensure that

the shares of the Yukon Consolidated Gold Corporation Ltd. given to the North Fork Power Co. Ltd. are distributed in accordance with the various agreements and arrangements and it would appear clear that my position is that if at any time it was ascertained that the shares were not being distributed in accordance with the agreements, it would be my duty to take immediate steps to protect the interests of the subscribers to the E.Y. Syndicate Ltd., Messrs. Beatty & Govett and Mr. Treadgold and any people who subscribed for shares, and it is really for all these people that I am Trustee. The shares are duly endorsed and therefore equal to bearer shares. I trust this letter is sufficient for your requirement"—A. Yes.

- 10 221.—Q. Then we come to the 7th July. Again you were present. The cablegrams despatched to, and received from, Mr. Treadgold were read and discussed, and Mr. Smallman gave information so far as possible as to what he believed Mr. Treadgold had done. Then, first of all, "It having been reported that Mr. Treadgold's resignations from the Boards of the Yukon Consolidated Gold Corporation Ltd. New North West Corporation Ltd. and Burrell & Baird Ltd., had not been received in London and that no notification had been received of the appointment of The Yukon Advisory Board"—would that be the London Board?—A. That would be the London Advisory Board of the Yukon Consolidated.

- 20 222.—Q. ". . . and that the report promised in Mr. Treadgold's cablegram of June 9th, 1925 had not been received it was resolved 'that notice be given forthwith to Major F. de M. Cunynghame and Mr. Raleigh S. Smallman that neither they, nor either of them, part with any of the Securities relating to the Yukon Consolidation without the consent of the Board.' " It was resolved that a copy of that be sent to Major Cunynghame and Mr. Smallman. Then it was resolved "That the Power of Attorney given to Mr. A. N. C. Treadgold on November 26th, 1924 be and is hereby revoked and that Mr. Raleigh S. Smallman be requested to notify Messrs. Chrysler & Chrysler of such revocation." We read just now the letter of the 20th May, in which Mr. Smallman assured you that the Shares were as good as Bearer Shares?—A. Yes.

223.—Q. Did you make efforts later on to get them transferred?—A. The E.Y. Syndicate tried to get them transferred in Mr. Smallman's name as Trustee for the E.Y. Syndicate, but Mr. Treadgold put an embargo on their transfer; he wrote and he cabled to Chryslers instructing them that these Shares were not Mr. Smallman's and that they would be held for him.

- 224.—Q. Were you ever able to get the Shares of the North Fork Company into your control?—A. We never could get them into our control.

225.—Q. Then I think we have referred already to the Minute of the 10th September, at which that programme which you have produced and identified, was prepared and discussed?—A. Yes—the "state of chaos letter."

226.—Q. Yes. Then on the 17th September I see there was a Board Meeting of E.Y. Syndicate Ltd. at which a revised programme regarding the Yukon interests was submitted to the Board, dated 17th September.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

I do not know whether we have got that, have we? I do not think so?
—A. I do not think we have got that revised programme.

227.—Q. It was resolved “that an approved representative shall proceed to Canada as soon as possible with full Power of Attorney, and that he shall submit his recommendations to London before acting. It is the policy of this Syndicate that they wish to change the directors of the Yukon Consolidated Gold Corporation Ltd. and associated Companies, to get the assets vested in the proper Companies and to see that no contracts are entered into that they do not consider to be in the interest of the Company and all the securities belonging to the various Companies shall be lodged with some recognised Institution only to be removed on the signature of two or three people to be agreed upon. Mr. A. Chester Beatty and Mr. John A. Dunn expressed complete approval of the terms of the Resolution.” Mr. Smallman reported that he had written to Messrs. Chrysler & Chrysler notifying them of the cancellation of Mr. Treadgold’s Power of Attorney of the 26th November; and “Mr. Smallman was requested to prepare a complete list of the Syndicate’s Securities and other assets, stating where each asset is held, in whose name it is held, and to whose order it is held.” Then it was resolved “that a Director in addition to Mr. Smallman be appointed a Trustee”?—A. Yes.

228.—Q. Then on the 25th September I see that Mr. Elwell, who was in attendance, asked for the list of Securities which Mr. Smallman had been asked to prepare, and the Assistant Secretary explained that owing to pressure of business Mr. Smallman had not been able as yet to prepare this list. Then the appointment of Messrs. Harold Elwell as Solicitors was confirmed and Mr. Elwell was asked to write to Mr. Smallman pointing out the urgency of the preparation of the list of assets. I do not know that there is anything else of interest, in that one, that I want for the moment. Then there is a bundle of original letters from Smallman on the question of this list of Securities, which I think you might just identify so that we can put them in. (*Documents handed.*) Are those all letters emanating from Mr. Smallman or his office?—A. Yes.

229.—Q. You will see that he did give some lists?—A. Yes, he gave some lists.

230.—Q. That was Exhibit 172 in the Patton action and it will now be marked R.C.F. 14.

(*Bundle of letters from Mr. Smallman marked “R.C.F. 14.”*)

EXHIBIT No. 92: Filed by Mr. Robertson: Bundle of Letters, marked R.C.F. 14.

231.—Q. I see that there was a Meeting on the 7th January, 1926, at which it was resolved “That Mr. Treadgold do not attend a Board Meeting until he has handed in his resignations”?—A. Yes, that is so.

232.—Q. In point of fact, so far as I am aware, he never did attend any other Board Meetings, did he?—A. What did you say?—did he attend a Board Meeting after that?

233.—*Q.* It does not appear so, so far as we know?—*A.* I do not see his name.

234.—*Q.* Then we get to this position, do not we : that there appear to be no more Minutes, as far as I can make out, except one of March 26th?—*A.* There is one of March 2nd, 1926.

235.—*Q.* Yes, there is one of March 2nd, 1926, and that refers to your Company, the General Mines Investment Ltd.?—*A.* Yes.

236.—*Q.* What position had your Company taken up?—*A.* On January 27th, 1926, as we had tried then for over two years to get satisfaction and we could get none, under the terms of our Agreement of August 20th, 1924, we claimed our money back again.

237.—*Q.* And ultimately the General Mines Investment Ltd. issued a Writ, did they not, and obtained a Judgment?—*A.* Yes; we recalled our loan on January 27th. I see that on April 13th 1926, Treadgold wrote me a personal letter.

238.—*Q.* Have you got it—I do not think I have?—*A.* I have certainly got a copy of it. Treadgold wrote to me on the 13th April, 1926.

Mr. FITZROY : That is a copy you are reading from, is it?—*A.* It is a copy; but I could swear that it is a copy of the original.

20 *Q.* Do you know what happened to the other one?—*A.* I probably handed the original in, in one of these trials.

Q. Might I put that copy to Mr. Treadgold to see if he is satisfied that it is a true copy, and if so, then I will have no objection to it going in?

Mr. ST. JOHN FIELD : It is in the bundle 153-C.

Mr. TREADGOLD : I wrote that letter, yes.

Mr. FITZROY : Then that is all right.

30 *THE WITNESS :* The letter is dated 13th April, 1926, it is addressed to myself, and it reads : “ Dear Feilding, We shall be paying your Company the £5,000 together with interest requested by you, before I leave for Klondike. Yours faithfully, A. N. C. Treadgold.”

THE COMMISSIONER : That, you say, is in 153-C?

Mr. ST. JOHN FIELD : Yes.

40 *THE WITNESS :* Well, he did not pay. and so on June 21st, six months after we had made our application for repayment, the Secretary of the General Mines Investment Ltd. wrote to the E.Y. Syndicate, Ltd., saying that as the loan had not been repaid, the General Mines Investment had decided to remain in the Company. Even then we could not get any satisfaction, and on April 1st we brought an action, and I resigned from the Directorship of E.Y. Syndicate on the same day. A month later, or rather on May 25th, 1927, which was rather more than a month later, the E.Y. Syndicate was put into liquidation. Sir Harold Moore was appointed Liquidator. On July 25th, 1927, we obtained a Judgment for £4,361 1s. 9d. plus costs, the total being £4,602 11s. 10d.; but we did not get paid it; we could only get 16s. 6d. in the pound, so that we actually got £3,797 2s. 8d.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

Our costs were £424, and consequently the net amount we received was £3,372 12s. 4d. out of our £5,000.

239.—*Q.* Thank you. Now I have almost finished. I have here two documents which you have previously produced—printed documents in respect of the Yukon Consolidated Gold Corporation Ltd. One of them I see is marked 149; that was its exhibit number in the Canadian trial. The other is 148. Apparently 149 is the earlier—I do not know whether you can tell me if that is so (Documents handed). Is that a document received by you from Treadgold?—*A.* Yes, that is some of my writing on it, I think. This is a document submitted by Treadgold—no, it is not my writing on it. 10

240.—*Q.* Do you know the date of that? could you tell me whether it is an early document or a late document?—*A.* It is one of the earliest; that is proved by the capitalisation.

241.—*Q.* Is that the right capitalisation—the ultimate capitalisation?—*A.* This must be subsequent to February 25th, 1924, I imagine, because my name is on the Board, and I was elected as a Director on the 25th February, 1924.

242.—*Q.* Then there is another one which appears to be May, 1924? at least it has attached to it a proposed offer. Is that also a document emanating from Treadgold?—*A.* Yes. This is my writing—my address is put there in my own handwriting, and here, this is my writing in the margin. This was when I was helping Treadgold to prepare these documents. 20

243.—*Q.* I see that that latter one states, does it not, that “of the Ordinary Shares, 3¼ million only have been issued.” Is that right—does it state that there?—*A.* Yes, the one marked 149 says: “Of the Ordinary Shares, 3,250,000 are being issued; the remainder are being kept in reserve for future needs of the Company.”

244.—*Q.* What does that figure of 3¼ million represent?—*A.* What does it represent? 30

245.—*Q.* Yes?—*A.* I do not follow.

246.—*Q.* How is that figure of 3¼ million arrived at?—*A.* You will find it all the way through the Correspondence. It is specifically laid down in the Beatty Agreement that the total issue was to be 3,250,000 Ordinary Shares and 500,000 Preference Shares.

247.—*Q.* Yes; but was that discussed with Treadgold—that figure?—*A.* Oh, obviously.

248.—*Q.* Do you remember that there was a discussion?—*A.* But this is his document. 40

249.—*Q.* But had that been agreed with Treadgold?—*A.* It was always agreed. If you remember in the Minutes of the E.Y. Syndicate of August 20th, 1924, it was laid down that the total issue should be 3 million Shares, that is to say 2,500,000 Ordinary Shares and 500,000 Preference Shares, leaving 3 million Ordinary Shares in the Treasury for the provision of working capital later on. The total capital to be issued was always understood to depend upon the terms which were finally arranged

with Chester Beatty. I think that is clear from the Patton Agreement, and I think it is clear from the E.Y. Syndicate Minutes, and when the Beatty Agreement was drawn up, the figure was increased from 3 million total to 3,750,000.

(Document (Exhibit 149) marked " R.F.C. 15.").

(Document (Exhibit 148) marked " R.F.C. 16.").

EXHIBIT No. 93: Filed by Mr. Robertson: Printed Prospectus of the Yukon C.G. Corp'n marked R.C.F. 15.

10 EXHIBIT No. 94. Filed by Mr. Robertson: Printed Prospectus of the Yukon C.G. Corp'n marked R.C.F. 16, with printed letter attached dated May 1924—Smallman to " Dear Sir or Madam " —on letter head of E.Y. Syndicate Ltd.

250.—Q. Whilst you were a Director of the E.Y. Syndicate, was there ever a question as between your Board and Treadgold about the minority interests in the various smaller Companies, the Dominion, the Big Creek, and so on?—A. It was clearly understood, at least I certainly clearly understood, that everything that was worth getting was included in the seven-eighths which he intended to bring into the Consolidation.

251.—Q. He was to bring in seven-eighths, and how many Shares were to be issued to get that seven-eighths?—A. As finally agreed in the Beatty Agreement—the deciding figure I think was the Beatty Agreement—the total number of Shares was 3,250,000 Ordinary Shares and 500,000 Preference Shares.

252. Then as from 1927 onwards, you having resigned from the Syndicate, I suppose you got rather out of touch with matters, did you?—A. Yes.

253.—Q. But in so far as you were aware, did Treadgold ever resign?—A. Treadgold never resigned so far as I know.

30 254.—Q. Did he take any notice of the London end?—A. He did in the initial stages, very much so. But the greatest mistake we ever made, was, of course, in allowing the assets to be transferred into the North Fork Company.

255.—Q. But after that?—A. After that he got in the saddle and rode rough-shod over us all.

Mr. ST. JOHN FIELD: Thank you, that is all I ask."

(Mr. McLAUGHLIN reading):—

" CROSS-EXAMINATION by MR. FITZROY.

40 256.—Q. Let me take you back to the commencement of the story. You have told us that you became acquainted with Mr. Treadgold many years ago, and again you met him at a later period, somewhere I think about 1922 or 1921?—A. 1923.

257.—Q. At a later date you became a Director of the E.Y. Syndicate?—A. Yes.

In the
Supreme
Court of
Ontario.

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

Cross-exa-
mination
by Mr.
Fitzroy.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

258.—*Q.* Before you became a Director of the E.Y. Syndicate you had a considerable number of conferences, if I may so term them, with Mr. Treadgold?—*A.* Yes.

259.—*Q.* With regard to the Yukon?—*A.* Yes.

260.—*Q.* May I take it that all your conferences were with Mr. Treadgold alone with regard to this matter?—*A.* I would not say that; I think most of them were. It is 12 years ago, and I could not answer that question definitely, but I think most of them were. I should think, speaking generally, they were with Mr. Treadgold alone.

261.—*Q.* There was not anyone else who approached you on the 10 subject?—*A.* Colonel Stirling.

262.—*Q.* Stirling and Fawcett?—*A.* Not Fawcett, Colonel Stirling was the man who brought Treadgold to me.

263.—*Q.* Then from that time forward, can I take it that your dealings were with Mr. Treadgold?—*A.* Yes.

264.—*Q.* You have told us that Mr. Treadgold formed the E.Y. Syndicate and that Syndicate was eventually issued, or I should say 11 Shares?—*A.* Yes.

265.—*Q.* Of which you held one as a Director?—*A.* Yes.

266.—*Q.* Was no application made for any other Shares?—*A.* There 20 were no other Shares allotted except those 11.

267.—*Q.* Nor was any application made for them?—*A.* That I cannot tell you; I do not suppose so.

268.—*Q.* During your period?—*A.* I do not ever remember hearing of an application—no, there could not have been.

269.—*Q.* Do you know who paid for the formation of the Company?—*A.* The formation of the E.Y. Syndicate?

270.—*Q.* Yes, it was a Public Company?—*A.* It was registered before my time, and I had nothing to do with that.

271.—*Q.* Nothing whatever to do with it?—*A.* I could not answer 30 questions about that.

272.—*Q.* I am putting this to you: that the 7 signatory Shares, were Shares which were held in trust for Mr. Treadgold, he having formed the Company?—*A.* I would not say so; I think they were all clerks in Mr. Smallman's office.

273.—*Q.* They were all clerks?—*A.* I have a list of them in front of me.

274.—*Q.* They were all Mr. Smallman's employees I think?—*A.* I cannot say that they were, but I imagine they were.

275.—*Q.* I am quite prepared to accept that. I am putting to you that these Shares were held simply in trust for Mr. Treadgold. I am putting 40 to you this: that that is the only explanation there is of what follows?—*A.* I should say definitely that they were not.

276.—*Q.* Very well. You have nothing beyond the fact that they were employees of Mr. Smallman, on which to base that?—*A.* I would say they were held in trust for the purpose of the Consolidation, not for the purposes of any individual.

277.—*Q.* But someone was consolidating, and that someone was Mr. Treadgold?—*A.* Mr. Treadgold was the promoter, certainly; nobody denies that.

278.—*Q.* He was the person who originated the idea?—*A.* He was the person who suggested the consolidation.

279.—*Q.* And the person who did the work?—*A.* And the person who did the work.

280.—*Q.* You agree with me there?—*A.* I agree.

10 281.—*Q.* You yourself, when you became a Director—I think that was at a Meeting on the——?—*A.* 27th June, 1924.

282.—*Q.* At that Meeting, after you had been elected a Director, this occurred: “Mr. Treadgold produced a letter, which the Syndicate gave him with reference to the Securities purchased from the Goldfields and their Associated Companies, and he was informed that there was no intention on the part of the Syndicate to go back on that letter in any way.” That occurs in the Minute?—*A.* Yes, that is true.

283.—*Q.* And you were present, and that copy letter which Mr. Smallman identified this morning is the letter to which it refers?—*A.* Yes.

20 284.—*Q.* You saw the original letter then?—*A.* I doubt if I have ever seen the original letter—at least, at that time—I have seen it since. Of course, I knew all about this letter. It is addressed to nobody.

285.—*Q.* It is addressed to nobody, as you say?—*A.* And it means nothing.

286.—*Q.* It was produced by Mr. Treadgold at that Meeting, and at that Meeting the Directors say they have no intention of departing from it?—*A.* Yes.

287.—*Q.* Why should they say that to Mr. Treadgold if it was not to him?—*A.* I cannot tell you. You are going by the Minutes.

30 288.—*Q.* Yes?—*A.* We did not prepare these Minutes; they were prepared at 8, Queen Street. The wording of the Minutes I really cannot be responsible for.

289.—*Q.* You were there when they were confirmed the next time. What have you got to say about that? You are responsible. Do not you consider yourself responsible if you were present when they were confirmed?—*A.* Yes, I suppose technically I am responsible.

290.—*Q.* You have no reason to suppose that they are wrong. You have filed them yourself, and you have produced them. What reason have you to suggest there is anything wrong with them?—*A.* Which date was that: June 27th, was it?

40 291.—*Q.* On the 2nd July, the Minutes of the last Meeting of the Directors were read and confirmed?—*A.* There is nothing to show who were present at that Meeting, is there? I may not have been there at all.

292.—*Q.* “The agreement of General Mines Investment Limited was considered.” It looks as though you would take an interest in that?—*A.* “and it was decided to let the same stand over till the next Meeting, which rather suggests I was not there.”

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

293.—*Q.* That may be a reason, but that might mean one thing or the other, might it not?—*A.* Yes.

294.—*Q.* I agree with you there : “ The Secretary produced an account from the General Mines Investment Limited, for office services, and a cheque was signed for same, and handed to the Secretary for despatch. The Secretary reported result of the interview with Major Cunynghame as to the loan by the New North West Corporation.” Do not you remember any of this?—*A.* No.

295.—*A.* I know it is a long time ago?—*A.* It is a long time ago.

296.—*Q.* At any rate, you filed these particular extracts which purport 10 to be the Minutes or copies of the Minutes in your office?—*A.* Yes.

297.—*Q.* You can have no reason for supposing they were otherwise than correct, surely?—*A.* I do not query the Minutes. I sometimes think the wording of the Minutes might have been better, but one does not query every paragraph of Minutes when they are brought out.

298.—*Q.* Were these drawn by Marsh?—*A.* No, they were drawn by Smallman.

299.—*Q.* Mr. Smallman was Secretary?—*A.* Mr. Smallman was the Secretary and a Director.

300.—*Q.* I think you heard from him this morning he remembered the 20 occasion quite well?—*A.* No, I did not.

301.—*Q.* Did you not?—*A.* Which occasion was that?

302.—*Q.* This morning, when I put that letter to him.—*A.* I am afraid I did not catch that.

303.—*Q.* He having said that, are you prepared to accept that as correct?—*A.* I knew of the existence of this letter; I do not deny it for a moment.

304.—*Q.* I am putting to you that that was the true position; that these Shares were held in trust for Mr. Treadgold, and that is why no further shares were issued, and that is why he appears, time after time, at the 30 meetings of the Directors of the E.Y. Syndicate?—*A.* But this letter begins by saying : “ In consideration of your procuring by loan or otherwise at least £30,000 for us.”

305.—*Q.* Oh yes?—*A.* But he never did it.

306.—*Q.* Come, come, we will go into that.—*A.* He borrowed it from our own Companies.

307.—*Q.* Exactly, he is to procure it; that does not say he is going to put his' hand into his own pocket for it?—*A.* Anyhow, the letter was addressed to nobody. It meant nothing anyhow.

308.—*Q.* The letter was addressed apparently to nobody, but the letter 40 was produced by Mr. Treadgold, and the Board said they had no intention of departing from it?—*A.* It was the first day that I had ever attended as a Director, and it is possible that I did not go into it quite as deeply as I should a year later.

309.—*Q.* Can you suggest anybody else the letter might have been intended for?—*A.* The only three members present there were Mr. Lawther, Mr. Morrell and Mr. Smallman.

310.—*Q.* Did they suggest that Mr. Treadgold was not the person concerned with this letter?—*A.* That I cannot remember.

311.—*Q.* You would have remembered it if they had done so?—*A.* I probably would not, it is 12 years ago.

312.—*Q.* Considering it was the first Meeting, and if there was trouble arose it must have arisen at once, that that was not the letter——?—*A.* My recollection is that it was addressed to nobody, and an address had been filled in in Mr. Treadgold's handwriting to a nephew of his or some other Treadgold.

10 313.—*Q.* That is so, it is on the original?—*A.* That letter still means nothing to me.

314.—*Q.* The fact that you, as a Director, say you will not depart from it, means nothing to you—is that honest, in business or anything. Do you call yourself an honest man?—*A.* I do.

315.—*Q.* Very well, we will agree that is so. Would you say that it was an honest action to say that letter meant nothing?—*A.* What did we say in that Minute?

316.—*Q.* Would you answer my question first?—*A.* Yes.

20 317.—*Q.* Would you say it was an honest action to say that that letter meant nothing after it had been produced and you had——?—*A.* No, I agree with you, one would not.

318.—*Q.* I knew perfectly well you would not; it is quite obvious. That is the first position which I am putting to you. You have Mr. Treadgold attending Meeting after Meeting, you keep turning these Minutes over—I will go through them in a minute or two with you—and if he was not there as of right—I say as of right, not strictly legally, but with some form of right—why should he come, time after time. Can you suggest any reason why he comes and attends?—*A.* Yes, because he was the agent who was conducting the negotiations.

30 319.—*Q.* You say he was the agent of whom?—*A.* The E.Y. Syndicate.

320.—*Q.* And yet, when he does anything you do not like, you do not discharge him. You do not discharge him because you cannot, because he is not your agent?—*A.* Well, it is very difficult to discharge a man when you have got so deeply involved as we had by 1925.

321.—*Q.* Surely that cannot be so. Surely, if a man goes and does something which is exactly opposite to what his principals request him to do, there is only one thing to do, and that is to get rid of him—not to keep talking?—*A.* But we did our utmost to get rid of him.

40 322.—*Q.* There was only one thing to do, and that is to say “Go, and we will not have you here,” then he could not come?—*A.* We said, “Go,” and he would not go. He got himself appointed a Director.

323.—*Q.* Excuse me, he was not a Director?—*A.* I am talking of the Yukon Consolidated.

324.—*Q.* I am not talking about the Yukon Consolidated attendances; what I am talking about is the E.Y. Syndicate; leave everything else for a the moment. I am putting to you that the only explanation of his continual presence Meeting after Meeting, is because he had an interest which is

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

explained by that letter. That is what I am putting to you?—A. What is the question.

325.—Q. The question is : Is that so, that the reason he was there, was because he had an interest which is expressed by that letter?—A. He had an interest certainly, because he was the prime mover of the whole of the idea.

326.—Q. He was the prime mover, but he was there because, being the prime mover, he had a right to be there?—A. If you are suggesting that the E.Y. was his servant or financial instrument, which I once heard him call it, it is utter nonsense.

327.—Q. I am not suggesting quite that.

Mr. ST. JOHN FIELD : What is the suggestion ; let us have the matter intelligible.

328. Mr. FITZROY : I cannot supply you with the necessary brains to understand it, I am afraid ; but still, I am putting to you that that letter explains the reason of his continual presence at your Meetings of the E.Y. Board?—A. I do not think so at all.

329.—Q. You do not think so?—A. No.

330.—Q. Have you any other explanation to offer?—A. I think if you want evidence about this letter it would be far better if you had someone else and not me, because it was the first Board Meeting at which I was a Director, and personally, I have no recollection of this letter ever having been there. I do not want to query Mr. Smallman's accuracy in drawing up these Minutes, but frankly, that last paragraph in those Minutes I have no recollection of whatever, so it is very difficult for me to give you any answers to the questions you are asking.

331.—Q. At the present moment, you are here for cross-examination ; whoever else may be called is another matter. Let me leave that for the moment. You yourself, as you say, provided a certain amount of money for the E.Y. Syndicate, you said £5,000?—A. I myself did not, but my Company did.

332.—Q. Your firm?—A. My Company.

333.—Q. Either produced it of their own, or borrowed it—at any rate, they produced it?—A. It was their own, as a matter of fact.

334.—Q. Let me attend now to some of these other Minutes which you have dealt with. The next thing I want to put to you—I want to leave the Minutes for a moment and turn to the chart, or whatever it is—you have here the chart of the Pool or something. I want you to look at one thing particularly in it, which says : “ Granville and Others,” there is a name there, “ Lawrence Harrison,” is that in your handwriting?—A. I think that is my writing.

335.—Q. Why is that put there?—A. Do not ask me, please. I cannot answer that now, because I can only guess what it means. It means, I guess, that Mr. Treadgold told me that Lawrence Harrison had an interest in the Granville Junior Stocks I think that is what it was as a matter of fact so I put in “ Lawrence Harrison,” but that was done 12

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years ago. "Formerly Boyle," I see. Of course, it is quite obvious that these notes of mine, where put in, were what Treadgold told me, and I just put them in. At this length of time I cannot explain to you exactly what is meant by them. I believe as a matter of fact that Lawrence Harrison did have interests in the Granville Company.

336.—*Q.* Did you ever meet him?—*A.* I have met him, yes.

337.—*Q.* Did you ever discuss the matter with him?—*A.* No, not seriously.

10 338.—*Q.* About his interest?—*A.* I doubt if I discussed it seriously with him. Really, his interest did not come into my affairs, it was nothing to do with me.

339.—*Q.* Do you know what happened to his interest?—*A.* I think he brought an action and got a Judgment, did he not. So many Shares were allotted to him; I cannot give evidence on that point.

340.—*Q.* That is so.—*A.* That is only hearsay on my part; I know nothing about it.

341.—*Q.* That is on record, that he did bring an action for property which he transferred. Did he transfer to The E.Y. Syndicate, that is the first point?—*A.* No, he did not. He should have, of course.

20 342.—*Q.* That would depend?—*A.* According to this diagram, he should have.

343.—*Q.* According to that diagram it was apparently originally intended that he should do so?—*A.* Yes.

344.—*Q.* But he did not do so, nor did any of his property, whatever it may have been, pass through the E.Y. Syndicate?—*A.* That is what we are complaining about.

345.—*Q.* The E.Y. Syndicate never entered into any agreement with Harrison at all?—*A.* Never, so far as I know.

30 346.—*Q.* Whatever property or estates he may have possessed, went through another channel, if it went into Consolidation at all.—*A.* I cannot tell you what happened with Lawrence Harrison's interests; I know he had the greatest difficulty in getting his agreement implemented, and he eventually brought an action against Treadgold which he won. That is all I know about it, and that is only hearsay.

40 347.—*Q.* There is another thing which you referred to here, a letter of the 7th July. This is the letter of the E.Y. Syndicate which was sent out by the Secretary after a Resolution had been passed that notice be given forthwith to Major Cunynghame and Mr. Raleigh Smallman that they nor either of them should part with any securities relating to the Yukon Consolidated, without the consent of the Board. You remember that?—*A.* Yes, I remember that.

348.—*Q.* There is an answer there, which is the letter of Major Cunynghame, which says this: "I beg to acknowledge receipt of your letter of the 7th instant, the contents of which I note, and in reply thereto, you may take this letter as an undertaking not to hand over any securities relating to the Yukon Consolidated Gold Corporation, in which the E.Y. Syndicate are limited, without the consent of the Board, but I must reserve

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

myself the right to withdraw this undertaking at any time on giving you seven days notice." Can you throw any light on why he should say seven days notice?—*A.* I did not write the letter, so I cannot throw any light on what was in Major Cunnyngame's mind.

349.—*Q.* I am not asking what was in his mind; I thought perhaps as you received it, and consented, you apparently did not object to it? —*A.* I remember thinking at the time it was an unsatisfactory letter to them, but he was not a Director of the E.Y. Syndicate, he was a nominee of Mr. Treadgold's; it was unsatisfactory, but we accepted it such as it was. I remember the letter perfectly.

350.—*Q.* As to the seven days notice, you do not know what that referred to?—*A.* I suppose he wanted to safeguard his line of retreat for some reason or other. I do not remember him ever giving the seven days notice to terminate that arrangement. He was released from it, as a matter of fact, later on, as appears from the Minutes of the E.Y. Syndicate.

351.—*Q.* The date of that was in July 1925. Now let me deal with one other thing before I come to your Minutes. You put in this morning this Prospectus of the Yukon Consolidated Gold Corporation Limited, which describes you as one of the Directors of the Yukon Consolidated Gold Corporation. It is Exhibit R.C.F. 12th May, 1924; it is the old Exhibit 148. I notice here that the capital of the Company is \$6,000,000, divided into 500,000 8 per cent. Cumulative Convertible Preferred Shares and 5,500,000 Ordinary Shares; and it goes on to say that of the Ordinary Shares, 1,000,000 are being kept in reserve for future needs of the Company. That goes out under your name?—*A.* It never went out at all.

352.—*Q.* Did not it?—*A.* No, that is only a draft.

353.—*Q.* May I take it then that this was a draft which was never given to the public?—*A.* It was never given to the public.

354.—*Q.* Never given to the public at all?—*A.* No, it never got beyond that draft. There were several like that.

355.—*Q.* At this time—do you know the date of this?—*A.* I could not tell you the date.

356.—*Q.* There is a letter covering it, or a letter which was purporting to go out with it, which was marked "May, 1924." Are you sure none of this ever went out?—*A.* I think I may say I am certain that none of it ever went out. If it did, you must have a copy of the final Prospectus.

357.—*Q.* I do not know, but I should have thought that was the final one?—*A.* No, it never went out.

358.—*Q.* At any rate, at this period, the idea of the formation of the Company was \$6,000,000, and the Company was eventually formed for \$6,000,000 was not it?—*A.* It had been formed before that.

359.—*Q.* It had been?—*A.* Oh yes, the Yukon Consolidated was formed on April 12th, 1923.

360.—*Q.* So this at any rate, was a later date than that?—*A.* Yes.

361.—*Q.* I think you told us this morning the date at which you became a Director, and when you ceased to be a Director?—*A.* Yes.

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362.—*Q.* That was in 1924 also?—*A.* I commenced on the 27th June, 1924, and I ceased to be a Director on the 1st April, 1927—or was it 1926?

*In the
Supreme
Court of
Ontario.*

363.—*Q.* Earlier than that—The Yukon I am talking about?—*A.* I thought you were talking of the E.Y. I became a Director of the Yukon on February 25th, 1924, and I ceased to be a Director (there is a Minute in Yukon Consolidated Minute Book, you will find) on February 7th, 1925. There was a Board Meeting of the Yukon when the President, Mr. Treadgold reported that the three English Directors (that is Cunnynghame,
10 Lawther and Feilding) had ceased to be Directors, having transferred their qualifying Shares. That is February 7th, 1925.

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

364.—*Q.* So this draft must have been drawn at some time between those two dates?—*A.* Yes.

365.—*Q.* You say it never went out to the public, so I do not wish to ask you anything more about it. The next one you put in was one in which Treadgold, Chrysler, Watson and Larmonth were Directors. That was the second one you put in this morning. You put in two circulars, did you not?—*A.* Yes.

366.—*Q.* This was the second one. That did not go out with your
20 authority at all, this is quite obvious?—*A.* They none of them went out.

367.—*Q.* And it was not drawn with your authority?—*A.* Yes, I had something to do with the drafting of that.

368.—*Q.* You did?—*A.* Yes, I am fairly sure I did—in fact, I am sure I did.

369.—*Q.* Were you going to be engaged in underwriting—you are put down there as being part of the London Advisory Committee, as a matter of fact. The London Advisory Committee is stated there to be Lawther, Cunnynghame, Lieutenant Colonel Feilding and Smallman. Those are the London Advisory Committee. What did you do as London Advisory
30 Committee: anything?—*A.* The London Advisory Committee I told you this morning was never actually appointed. It had to be appointed by the Yukon Company and Treadgold wrote to us on May 9th that “Adriatic” letter, and he promised us that the Advisory Committee would be appointed on May 18th or 19th of that year, but he did not keep his promise; that was one of the troubles. On May 18th, 1925, he wrote that letter.

370.—*Q.* I am putting to you this: that there was a Meeting, which called itself a Committee Meeting, held at 87, Gresham Street, on Tuesday, 26th May, of the so-called Advisory Committee, at which were present,
40 yourself, Lawther, Morrell, Smallman, Dunn and Beatty?—*A.* That is quite right. You see on April 30th, 1925, the E.Y. Syndicate made a recommendation—that is the only word you can use—that the following members should be appointed the Advisory Committee: Lawther, Feilding, Cunnynghame, Smallman, Beatty and Morrell, and so I suppose we met: but, of course, it was an informal Meeting, because they had not been appointed actually by the Yukon Consolidated.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

371.—*Q.* That I gather, but still you met, and at the time you met, you considered yourself as being the Committee?—*A.* We naturally took it for granted that we should be formally appointed later on.

372.—*Q.* You suggested the time of Meetings?—*A.* I suppose so.

373.—*Q.* You suggested that all the Associated Companies should be requested to pass the following Resolution: That no capital expenditure or expenditure for the purchase of properties and new machinery, should be incurred without reference to the London Advisory Committee, and Mr. Smallman was requested to transmit the Resolution by cable to Canada. You told us, I think this morning, that you wanted the resignation of all the Directors of all Associated Companies and Stocks to be held by the Advisory Committee in London?—*A.* Yes. 10

374.—*Q.* And that you dealt with at that Meeting also. Do you remember the Meeting, or do not you?—*A.* You have got the Minutes of it. I do not dispute them for a moment, of course.

375.—*Q.* I may take it then that this was the position, may I, that those of you who expected to be, or thought you were, on the Advisory Committee, desired to control the whole of the business?—*A.* Yes.

376.—*Q.* That I may take as being exactly what was in your minds?—*A.* Certainly. 20

377.—*Q.* The Yukon Company itself, had been formed, as you have told us, in 1923, and had its own Board. Why did you expect to control the Yukon Company?—*A.* Because the Yukon Company had no substantial existence at the time it was formed. It was purely a shell.

378.—*Q.* This is after it has got substantial assets passed to it, is it not?

Mr. ST. JOHN FIELD: What is "after"?

379. Mr. FITZROY: When your Advisory Committee was trying to function in 1925?—*A.* It had ceased to be a shell, owing to the exertions of the E.Y. Syndicate through its agent, Treadgold.

380.—*Q.* Never mind about that particular thing. It had ceased to be a shell (we will put it this way) because it had acquired definite property?—*A.* Quite exactly. 30

381.—*Q.* Property, some of which had passed through the E.Y. Syndicate, some of which had passed through Cunnynhame and Smallman?—*A.* As the appointed Trustees of the E.Y. Syndicate.

382.—*Q.* Why do you say that?—*A.* Because it is in the Minutes. You can find it in the Minutes of the E.Y. Syndicate where they were appointed. Unless I am very much mistaken, you will find it very clearly.

383.—*Q.* Just find that Minute for me?—*A.* I thought it was read out this morning. "The question of appointing Mr. Smallman and Major Cunnynhame as Trustees on behalf of various interests to be merged into the Yukon Gold Corporation Limited was discussed." That is a Board Meeting of the E.Y. Syndicate held on November 26th, 1924.

384.—*Q.* That does not say anything about being Trustees for the E.Y. Syndicate, excuse me; it is something quite different. What date is that?—*A.* 26th November, 1924.

385.—*Q.* “The question of the appointment of Mr. Smallman and Major Cunynghame as Trustees on behalf of various interests to be merged in the Yukon Consolidated Gold Corporation”; you were not appointing them as Trustees for yourselves, you were quite capable of looking after yourselves; it was “various interests.” Are you suggesting there were no various interests, and the only interests were the E.Y. interests?—*A.* The only interests that mattered were the Goldfield interests, and the Chester Beatty interest, which you will find constantly discussed at these Meetings?

10 386.—*Q.* First of all, the Goldfield interest was acquired through the E.Y. Syndicate; there is no question about that. Now Chester Beatty’s interest: did you ever deal directly with Chester Beatty?—*A.* I did not deal directly with any of them.

387.—*Q.* Did the E.Y. Syndicate ever deal directly with them?—*A.* Through Treadgold, yes; it appears constantly.

388.—*Q.* Treadgold?—*A.* Through Treadgold and Smallman; that appears constantly in the Minutes.

20 389.—*Q.* I put it to you that Treadgold himself was bargaining with Beatty and Govett, and the only thing he ever did was to report what he may have done to the E.Y. Syndicate—that the E.Y. Syndicate did not direct him what to do?—*A.* I would only refer you to the diagram which was just put on the table, which shows “Through the E.Y. Syndicate” in Treadgold’s writing.

390.—*Q.* That diagram which you have there, is something which was given to you in 1923?—*A.* Or the beginning of 1924, I cannot say.

391.—*Q.* And it merely, I am putting to you, a suggested method of doing it, not one which was carried out?—*A.* It should have been carried out.

30 392.—*Q.* But it was not carried out. Let me, for a moment, come to the Beatty and Govett interest, which are the only other interests. From time to time, Treadgold reports that he is dealing with them, and he expected to get some answer. It goes on for a very considerable period, does it not?—*A.* Yes.

393.—*Q.* It never culminates in an agreement between the E.Y. Syndicate and Beatty—never?—*A.* No.

394.—*Q.* It never does.—*A.* It should have, but it never did, I agree.

395.—*Q.* It never did. Do you know of any of the agreements, or any final agreement, which Beatty made with regard to the transfer of the interests which he held?—*A.* Would you repeat that?

40 396.—*Q.* I think the final interest is placed in an Exhibit which you have, Sir: an exhibit that was put in yesterday by Mr. Dunn. That is the agreement, “With Reference to the consolidation of the various”——

Mr. ST. JOHN FIELD: Is this Beatty or Govett?

397. Mr. FITZROY: *Q.* Chester Beatty: “With reference to the consolidation of the various interests of the Klondyke Goldfield, we,” this

*In the
Supreme
Court of
Ontario.*

Defendant’s
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

is Cunynghame and Smallman who signed this, "acting as Trustees for the North Fork Company."—*A.* The North Fork Power Company?

398.—*Q.* Wait a minute, the North Fork Power Company is a Company properly formed; it has been in existence for many years in Canada?—*A.* It was a Company in which we were deceived into believing——

399.—*Q.* Never mind about that, just answer——

Mr. ST. JOHN FIELD: Please let him answer.

Mr. FITZROY: Well, go on.

400. Mr. ST. JOHN FIELD: I think he ought to be allowed to complete that.—*A.* The North Fork Company, as I said this morning, was the greatest mistake we ever made. We were deceived into believing— and Mr. Treadgold was present when we were being deceived into believing— that the whole of the Shares of the North Fork belonged to the E.Y. or were under its control. He was present at the Meeting when Mr. Smallman told us that, and he never disabused our minds, and later on, when we tried to transfer those Shares, we were first of all told, you remember, that they were Bearer Shares or the equivalent of Bearer Shares——

401. Mr. FITZROY: That I think is true.—*A.* We were told that, it was in the letter which Mr. Smallman wrote, which was read this morning. We were told they were Bearer Shares, or as good as Bearer Shares, that is to say, they had been endorsed on the back, and were actually Bearer Shares. We were told that, and that 16,005, to be exact, were being held by Chrysler, and 40,000 were unissued. You remember we made a stipulation that they must not be.

402.—*Q.* Yes, that is right.—*A.* And the remainder, 44,000 I think it was, were held by Mr. Smallman—we were told by Mr. Smallman this— held by him for safe custody, and he told us quite distinctly, and he was present, that all of those Shares would be ours, and he advised us to agree to that Company being used as a second funnel—why, I have never been quite able to understand until recently—I understand now. Smallman, as our Solicitor, advised us to allow the North Fork Company to be used as a second funnel. We accepted his advice, believing that what he told us was true, that the whole of the Shares either belonged to us or were under our control. Treadgold was present when he told us that, and he never disabused our minds. Later on, when we tried to transfer those Shares we were told they all belonged to Treadgold, and Treadgold wrote to Chrysler and telegraphed—he both wrote and telegraphed, and we have copies of them here—warning Chrysler that the Shares did not belong to Smallman, and they were to be held for him, and that is the cause of all this trouble, and that is where the main swindle lay, if you will allow me to use strong language.

403.—*Q.* No, we cannot have that; you must not make statements like that. You will just state the facts please, and not go into vulgar abuse for the moment. Just stick to facts. The North Fork Power Company was a Company registered in Canada, which had been in existence

for several years, you agree?—*A.* That I do not know anything about. I do not know whether it had been in existence for several years or not.

404.—*Q.* Did you ever see the Shares in it?—*A.* No, never.

405.—*Q.* Did you ever see any returns connected with it?—*A.* No, never.

406.—*Q.* Nothing at all?—*A.* Never.

407.—*Q.* After this interesting exposition of yours, will you tell me this. Do you suggest that the E.Y. Sundicate acquired these Shares, and what did you pay for them?—*A.* We paid nothing. It was a
 10 “straw” Company; I know it was a “straw” Company and had no Assets, and the Shares had no value; and it was Treadgold who recommended that it should be used, and Smallman backed his recommendation, and we accepted it, but as to whether anything had to be paid for the Shares, which I do not think had any value, and could not have any value—

408.—*Q.* Surely it has value if you are going to transfer a large amount of property to it?—*A.* I purposely said just now when I was trying to explain our beliefs as Directors of the E.Y. Syndicate, that we were assured by Smallman that the Shares either belonged to us or were completely
 20 under our control. If I said “completely under our control,” I think it would have been more accurate.

409.—*Q.* Did not Smallman explain the position to you that he was holding these Shares as security on behalf of all the interested parties?—*A.* That came afterwards, at the Meeting of November 26th. He did not say anything of that kind. That letter of Smallman’s was written later than that, and when he slipped in that bit about other parties, that was not the meaning that he conveyed to the Directors at the Meeting of November 26th. It is absolutely engraved on my mind, that Meeting, and I shall never forget it. I know the purport of what was said at that
 30 Meeting, and I shall never forget it. Treadgold was there.

410.—*Q.* That was on what date?—*A.* November 26th, 1924.

411.—*Q.* Was not Mr. Smallman’s letter the 20th May?—*A.* That is the next year, I think you will find. The Meeting was November 26th, 1924.

412.—*Q.* That was before you executed any Power of Attorney?—*A.* No, no, that was the day on which we executed the final Power of Attorney, which we handed to Treadgold. That is the very day.

413.—*Q.* That Power of Attorney, I think, is “R.C.F. 12,” and this is what you did with it, was it not: you issued this Power of Attorney
 40 “in the name of the Company and as the act and deed of the Company to sign seal and deliver such indentures as may be necessary requisite or advisable for transferring to the Yukon Consolidated Gold Corporation or the North Fork Power Company Limited all or any of the present or future assets properties claims rights interests stocks shares debentures bonds or other securities of the Company”; and so you went on to give him a full and complete power . . .?—*A.* No, no, a very limited Power of Attorney, I beg your pardon.

*In the
 Supreme
 Court of
 Ontario.*

—
 Defendant’s
 Evidence.

—
 No. 23.
 Roland
 Charles
 Feilding.
 Cross-exa-
 mination on
 Commission
 by Mr.
 Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

414.—*Q.* Where do you say that is limited? It is limited to two things, to transfer either to the Yukon Consolidated or to the North Fork Power Company—either the one or the other?—*A.* Yes. That is all the power he was given, and he wrote a letter at the same time, which has been recorded and handed in today, in which he bound himself to use that Power of Attorney for no other purpose except for the purpose which you have just read out; that is to say, to transfer these assets first to the North Fork Company from the E.Y., and then from the North Fork to the Yukon Consolidated.

415.—*Q.* That is the letter which says: "Referring to the Power of 10
Attorney which you have given to me, I am writing this letter to confirm that this Power of Attorney will be used by me only to transfer assets now vested in the E.Y. Syndicate Limited to the North Fork Power Company, and to it on condition that it transfers such assets simultaneously to the Yukon Consolidated Gold Corporation, Ltd." That is the letter to which you refer, is it not?—*A.* Yes, that is right. You referred just now to Mr. Smallman's letter defining the conditions under which he held the North Fork Shares.

416.—*Q.* Yes?—*A.* He did not write that letter until May 20th, 1925, and the Meeting took place on November 26th, 1924, which is six 20 months earlier.

417.—*Q.* That is so, but what I put to you, and which you say is not correct, was this: that in November, 1924, you knew the exact conditions upon which those Shares were held?—*A.* No, we did not. That is the trouble. If we had known, we never would have agreed to it.

418.—*Q.* You say that is not so—that you did not know?—*A.* We did not know. We were deceived.

419.—*Q.* When you got Mr. Smallman's letter of May 20th, did you take any steps then to do anything?—*A.* No steps were taken. The letter is a perfectly reasonable sort of letter. There is nothing to put 30 your finger on there. The only thing is that he interposes what he is holding for other people as well, and I suppose in a sense he was; he was holding them, or he says he is holding them, to see that the contributories to the E.Y. Syndicate get their due. We never got our due. However, that is another story.

420.—*Q.* Now the Power of Attorney is quite clear; the Power of Attorney is to transfer all the E.Y. Syndicate property, whatever it may be, to one of two people?—*A.* First to one Company and then to another—not to one of two people.

421.—*Q.* It is the letter that carries the second part; the effect of the 40 letter is that it will go right on?—*A.* Yes.

422.—*Q.* Now let me go back for one moment to the Beatty matter which I was dealing with. They say: "We, acting as Trustees for the North Fork Power Company." Now if that is so, if they were acting for you, why did not they say: "on behalf of E.Y. Syndicate"?—*A.* I cannot possibly tell you that, and I have told you Cunynghame was a nominee of Treadgold, and by that time—I cannot use any other words—

this trickery had begun. One has to use the plainest language to express the position.

423.—*Q.* The whole of the negotiations which were carried on by Treadgold were, I am putting it to you known: first, to transfer the property to the North Fork, and that they were simultaneously to be passed on to the Yukon?—*A.* Yes.

424.—*Q.* That is the position?—*A.* Yes, certainly.

425.—*Q.* You agree with me there?—*A.* Yes.

426.—*Q.* We are not differing there?—*A.* No, we do not differ on that, certainly.

427.—*Q.* Then it goes on to say: "We will transfer or cause to be transferred to the Corporation, within 50 days from this date, all the Securities shewn in Column 'B' in the Schedule attached." Within 50 days. Do you know whether any of those were transferred within 50 days?—*A.* I forget the date of that Agreement with Beatty.

428.—*Q.* This is the 2nd January, 1925?—*A.* Yes; they were transferred to the North Fork on February 11th, 1925, and they were transferred from the North Fork to the Yukon on February 19th, 1925.

429.—*Q.* Will you look at the Agreement of February 11th. Is the Agreement in, of February 11th?—*A.* I have a copy of it here.

430.—*Q.* When I say "transferred," do you know whether Mr. Beatty ever delivered any of these Securities?—*A.* I do not know that. That was not my job.

431.—*Q.* I am putting it to you that he did not deliver them?—*A.* Oh well, that is news to me.

Mr. ST. JOHN FIELD: Never?

Mr. FITZROY: He did not deliver them in 1925 at all, and some of them he did not deliver at all; and when he did deliver them, he got further consideration for delivering them. Is that within your knowledge?

—*A.* No.

432.—*Q.* It is not?—*A.* No.

433.—*Q.* Did you ever hear that he had declined to deliver any of his Securities?—*A.* No.

434.—*Q.* Never? Think for a moment?—*A.* No, I have never heard that.

435.—*Q.* Do you mean to tell me that during all these years which you have been mixed up in this——?—*A.* I have not been mixed up with it since then, you see.

436.—*Q.* Do you really seriously tell me that you did not know that neither Mr. Beatty nor Mr. Govett had delivered their Securities in accordance with this Agreement?—*A.* No, I did not; it is the first I have heard of it.

Mr. ST. JOHN FIELD: Nor need you accept that statement as true.

Mr. FITZROY: A good deal, or some of these things, were transferred by the Granville Receiver lately. I do not think you should make any such remark, Mr. Field.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.

Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
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*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

Mr. ST. JOHN FIELD : I did not say it was untrue ; I said the witness need not accept it as true.

Mr. FITZROY : No, the witness is all right ; I am quite prepared to accept that the witness does not know anything about it, and that is the end of it.

437.—*Q.* Now under this Agreement also I think Mr. Beatty was to nominate, or had the right to nominate, a Director on the Canadian Board. Paragraph 3 : “ We also agree that you will have the right to nominate a Member of the Advisory Board (if one is formed) in London, and also that you will have the right to nominate a Director on the Canadian Board if you so desire.” Did you know that?—*A.* Well, I have got that in this letter. I have the letter in front of me now. 10

438.—*Q.* He had a right to nominate one?—*A.* We should certainly have welcomed him, and as a matter of fact, I think I have read that to you already.

439.—*Q.* Never mind about that. He had the right to nominate a Director?—*A.* Yes.

440.—*Q.* Now at a later date you sent telegrams which said Treadgold must resign all these things, Beatty insists. What has Beatty to do with it? He is only one of five?—*A.* Beatty was in collaboration with us; he was interested with us in these transactions. 20

441.—*Q.* But you did not say that the Board insisted upon it; the telegram which was read this morning was : “ Beatty insists ”?—*A.* I beg your pardon, the telegram was not sent by the Board; it was sent by Mr. Smallman. That is Mr. Smallman's choice of words.

442.—*Q.* May I say that it was sent at the direction of the Board?—*A.* I do not think so.

443.—*Q.* Surely that is so?—*A.* Anyhow, I mean we should not presume to word Mr. Smallman's telegrams for him; but if the question is asked, Mr. Beatty, of course, was a very important person in the City, as you probably know. 30

444.—*Q.* Yes?—*A.* And perhaps as a sort of courtesy his name was mentioned in preference to others.

445.—*Q.* It is rather unfortunate that Mr. Beatty has not been called, is it not; still, that may be remedied later. Now when you lent this £5,000, you were to get certain things for it. Tell me this : you eventually exercised an option; there was an option, was there not, in your agreement, by which you could get your money back again. Have you got the Agreement between the General Mines Investment and the E.Y. Syndicate, of the 20th August, 1924? (*Exhibit “ R.C.F. 7 ” produced and handed witness*). 40
—*A.* Yes.

446.—*Q.* “ The Syndicate agrees to transfer or cause to be transferred to the Canadian Company on or before ” Such and such a date. “ The Syndicate agrees to pay to the Subscribers ”—that is your Company; it is a Company, is it not, the General Mines Investment?—*A.* Yes.

447.—*Q.* “ in cash interest on the said sum of £5,000 after the rate of 8 per cent. per annum from the date of payment of the said sum of £5,000

until the said Preference Shares shall have been allotted as hereinafter mentioned and to transfer or cause to be transferred or allotted to the Subscribers or their nominees on or before the 31st day of August next or such later date as may be mutually agreed upon 23,500 8 per cent. Cumulative Convertible Preferred Shares of One dollar each in the Canadian Company credited as fully paid up and 100,000 Ordinary Shares." That is what you were paid—23,500 Preferred and 100,000 Ordinary Shares?—
A. Yes.

10 448.—Q. " Provided always and it is hereby agreed that the Syndicate may if it so desires pay to the Subscribers the sum of £5,000 in lieu of allotting to them the 23,500 " Shares. So that that gives them an opportunity of giving you 100,000 Shares and giving you £5,000, that is, your money back, if they so desired?—A. Quite.

20 449.—Q. Then it says: " Provided always and it is hereby agreed that in the event of the Syndicate failing to transfer or cause to be transferred or allotted the said Shares in the Canadian Company as before provided by the 31st day of August next then and in such case the Syndicate shall if so required by the Subscribers return to the Subscribers the said sum of £5,000 which sum the Subscribers shall accept in full settlement of all
20 claims which they may have under this agreement whatsoever." Now in the events that ensued you did not get the Shares, and there seems to have been a very heated Meeting, between yourself and Mr. Treadgold, which I think you told us about this morning. On what day was that?—
A. August 22nd, 1924.

450.—Q. On August 22nd, 1924, yes; and then the result of that eventually was that you did not get them, and there was tender made of £5,000 to you by Treadgold?—A. Which did not belong to him.

451.—Q. You told us that this morning?—A. Yes.

30 452.—Q. Now what I am going to ask you is this: whether you yourself did not suggest that that was the easiest way out, to take advantage of this clause?—A. I was quite willing at that time to accept £5,000 and interest and to get out of it? I would have been quite willing to do it,—speaking for myself, of course. I had not consulted with my colleagues, but I am sure they would have done what I advised them. But I could not take dirty money; I had to have clean money.

453.—Q. Please do not make those remarks; stick to evidence?—
A. But that is one of the reasons—

454.—Q. You are not entitled to make remarks of that description; you should not shew your venom and your bias in that way?

40 Mr. GARDINER: He was asked his reason, and he gives his reason perfectly properly.

Mr. FITZROY: I asked him whether it was the fact that he was prepared to do it; I did not ask him to give any reason at all.

Mr. GARDINER: He was prepared to, but he gave his reason why he did not.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

Mr. FITZROY : A biased witness need not go on making venomous statements of this sort.

THE WITNESS : I do not want to be venomous.

THE COMMISSIONER : Let us proceed with the examination, question and answer.

455. Mr. FITZROY : I am putting to you this, that it was because of that that you had this tender made to you, which you rejected?—A. Yes, I believe so.

456.—Q. Unfortunately, you did not accept it?—A. Fortunately, I did not accept it.

457.—Q. Well, so far as the Company was concerned, you did not get the money?—A. We lost through it, but I felt it my duty to refuse it, and I should refuse it again.

458.—Q. Then you brought an action, and did your Company get anything? The next thing was, I think, that you gave notice in January, was it, to recall the loan?—A. In January, 1926.

459.—Q. In January, 1926, you gave notice; that was some months afterwards?—A. Two years afterwards—two years after we had paid our money.

460.—Q. But after this stormy Meeting?—A. The stormy Meeting was August 22nd, 1924, and we gave notice on January 27th, 1926, if I remember aright; that is a year and a half all but one month.

461.—Q. Should I be right in saying that amicable relations were resumed between you and Treadgold, or not?—A. More or less.

462.—Q. Because, obviously, there was great hostility at that time?—A. I think the great hostility came later, if you call it hostility. It is simply the dislike of being—I must not use the word, but I was going to say, cheated.

463.—Q. Then you gave notice and eventually you brought an action. You recovered Judgment—for how much was it?—A. We recovered Judgment for £4,361 ls. 9d. plus costs.

464.—Q. Why was that; why did you only get that?—A. Because we had received a certain amount of interest on our £5,000, and by that Agreement which you have in front of you you will find that if we claimed our loan back again, we could only claim £5,000 without interest, and we had received interest, and that was deducted from the total amount.

465.—Q. Yes, quite correct. Then the next thing was that the Assets of the Company, the E.Y. Syndicate, consisted of some Shares?—A. The Assets?

466.—Q. The Assets of the E.Y. Syndicate. The Assets were sold, and were not they sold for a certain amount of money?—A. Treadgold bought the Assets of the E.Y. Syndicate—which proved that he did not own them, otherwise he would not have bought them.

467.—Q. Never mind; that does not necessarily follow. Never mind about that for the moment. What I want to know from you is this: before the Assets were sold to Treadgold, the offer was submitted to you

by the Liquidator to know whether you thought it was reasonable and whether it should be accepted?—*A.* I do not remember that. It is possible.

468.—*Q.* Do not you remember Sir Harold Moore writing to you to that effect?—*A.* I do not remember that at all.

469.—*Q.* Perhaps it was to your Solicitor?—*A.* Oh, possibly.

470.—*Q.* It was my mistake; it was to your Solicitors. But was the matter referred to you?—*A.* If he wrote to the Solicitors, it would certainly be referred to me.

10 471.—*Q.* And apparently agreed upon?—*A.* Certainly.

472.—*Q.* And the Assets were purchased, and you received 16s. 6d. in the £, unfortunately?—*A.* That is right.

473.—*Q.* The next thing I want to ask you is this. Did you yourself get any Shares out of it?—*A.* Yes. Treadgold gave me some Shares on December 18th, 1923. I get rather confused as to whether it was 23,500 Ordinary Shares or 24,300 Ordinary Shares; I cannot quite remember, but I think it was 23,500, but I see that in Canada I said 24,300.

474.—*Q.* Yes; then you did get them?—*A.* I got them, yes.

20 475.—*Q.* What was that for?—*A.* I had worked with him for quite six months in helping him to draft his Memorandums, and so on, and he was good enough—we were friendly at that time, and in fact I hope we are friendly now in a way—

476.—*Q.* I hope so?—*A.* He wished me to have a participation, and incidentally I undertook—I thought you would very likely ask me this question, and so I have brought along a letter which I wrote to him, in which I undertook (this was part of the consideration which I gave him) to find him another £5,000 to make up his minimum of £30,000 if it was wanted, on the same terms as the first £5,000. He was very hard up at that time for money; he had to find £5,000 for the Gold Fields by the 31st December, 30 and he had not got it.

477.—*Q.* What is the date of the letter?—*A.* 18th December, 1923. There is no secret about that. I would like you to understand that. When he made this offer, before I accepted it I went to my Chairman, Mr. Mitchell-Innes, K.C., and told him about it, and the whole thing; I did not accept these Shares until I had notified my Directors and got their consent.

478.—*Q.* I think, as a matter of fact, you did say that on the former occasion also?—*A.* I probably did.

40 479.—*Q.* I think you did desire to put that forward before the Court?—*A.* I thought it only right that I should, because it has been used—this is the fourth time I have given evidence, and every time that has been brought up, with the sort of idea, I presume of besmirching my character, and that is why I wish the facts to be known.

480.—*Q.* Now these Shares were obviously Treadgold's?—*A.* Well, I suppose they would go in his accounts, and have to be refunded to him out of the Shares which came to the E.Y. Syndicate.

481.—*Q.* Why? You did not put this before the Members of the Board of the E.Y. Syndicate. Your own Mining Board, yes?—*A.* It was

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

not done that way at all. Treadgold would ultimately have to have accounted to the E.Y. Syndicate. You have only to look at the Agreement with Beatty to see where the Shares came from.

482.—*Q.* Why should the Shares come from anywhere; Beatty did not give you the Shares?—*A.* No, but if you look at the Beatty Agreement—

483.—*Q.* Who gave you the Shares?—*A.* Treadgold.

484.—*Q.* Then Treadgold had them?—*A.* Treadgold had the Shares.

485.—*Q.* And he had them properly?—*A.* How do you mean, properly?

486.—*Q.* Honestly and properly?—*A.* Honestly and properly—I do not dispute that for a minute; but ultimately he would have claimed those Shares. He must have claimed the Shares. The only place he could get them from would be out of the Agreement of February 11th, 1925.

487.—*Q.* The Agreement with you?—*A.* That is the only place he could get them from.

488.—*Q.* I agree?—*A.* Either from parcel 3 or 4.

489.—*Q.* That is the only place they could have come from?—*A.* That is the only place they could have come from; therefore, it would have had to appear in the ultimate Accounts which were rendered to E.Y. Syndicate.

490.—*Q.* Do you know perchance from which parcel the Shares came which came to you?—*A.* I do not know at all—but either parcel 3 or 4, of course. They must have come from either parcel 3 or 4, I should say, without a doubt.

491.—*Q.* There is one other thing which I should like to have some light from you upon; that is the loan of a Certificate of Preferred Shares to your Secretary or to your Company for audit purposes?—*A.* That was rather a bad story. Do you want me to tell you the story?

492.—*Q.* I should like some explanation?—*A.* I cannot give you any explanation; I can only tell you what happened. I can tell you the story, if you like.

493.—*Q.* Tell me your story?—*A.* On December 28th, 1926, I wrote to Treadgold reminding him of his promise to settle by the end of the year, which he evidently had not done, but I have no record of that. I think I must have told him that the end of the year had come and we should have to render our Accounts to the Auditors, and we must have these Certificates to shew to our auditors—that is the 23,500 Preference Shares and 100,000 Ordinary Shares. The result of that was that on January 3rd, 1927 Treadgold walked into my Office. I did not see him, but Mr. Marsh came in to me and said: "Mr. Treadgold has arrived here, and he has offered me a Certificate No. 033 for 23,500 Preferred Shares of the Yukon, which he wants me to submit to our Auditors and return to him two days later"; and it was not necessary for me to tell Marsh that that was a fraud and could not be allowed. I mean, Marsh was a very honest man, and naturally, he simply shewed me the kind of proposal that had been made to him. The end of it was that he wrote a letter on my instructions saying: "This Certificate will be returned to you in two days time"—that is on January 5th—"in return for another certificate for the same number," that is for

the 23,500 Preference, and for an undertaking from Mr. Treadgold that he will send us or allot to us or hand to us 100,000 Ordinary Shares within a specified period.

494.—*Q.* “by the end of the present month”?—*A.* “by the end of the present month.” Marsh went round two days later with the Certificate. I must tell you, in the meantime he was rung up several times by Mr. Smallman, who was very agitated about this missing Certificate which Treadgold had handed in. He said “Treadgold had no right to give you that Certificate; he took it out of my safe when I was out of the office, and you will have to return it”; and Marsh took it back on the 5th 10 January and asked for another Certificate in exchange from Mr. Smallman and for this guarantee with regard to the 100,000 Ordinary Shares. Smallman said that no condition of this kind had been attached or given, and Marsh must hand up the Preference Certificate. Marsh, I think rather weakly, handed up the Certificate, and that is the last we have heard of it. I have seen that Certificate in the Certificate Book in Canada. When I was in Canada I took the trouble to look it up to see whether it was a forgery and whether it existed, and I found it was there, cancelled. It was dated February 28th, 1925. Why it had been held back since 20 February 28th, 1925, I am at a loss to understand, but it was there, and I saw it there.

495.—*Q.* Now you did not use it for your purposes?—*A.* Of course we did not use it, certainly not.

496.—*Q.* It was not used for any purpose at all?—*A.* Of course it was not. We do not do those sort of things.

497.—*Q.* I am merely asking you whether it was used or not?—*A.* It is rather an insulting question to ask, if you would allow me to say so.

498.—*Q.* No, I am not putting anything insulting; I do not wish to put it in any way like that. Do not run away with the idea that I am 30 trying to do anything of that sort?—*A.* We refused it at once; we returned it two days afterwards.

499.—*Q.* Now tell me this: when you saw that Certificate, or when you had it, in whose name was it?—*A.* When I saw it in Canada—

500.—*Q.* No, no?—*A.* Oh—in the General Mines Investment name.

501.—*Q.* Actually drawn to them?—*A.* It is a mystery to me. I have never understood it.

502.—*Q.* How much was it for?—*A.* 23,500.

503.—*Q.* Actually issued from the Yukon Company in the name of the General Mines Investment, Ltd.?—*A.* In the name of the General 40 Mines Investment, Ltd., yes, for 23,500 Preference Shares.

504.—*Q.* Then this was the amount which is the exact amount?—*A.* My impression is that it was in Treadgold’s handwriting—I am nearly sure it was.

505.—*Q.* What—on the Certificate?—*A.* On the Certificate.

506.—*Q.* That is to say, the name?—*A.* I think the whole thing—the “General Mines Investment” and everything was written in his handwriting; I am nearly sure of that.

*In the
Supreme
Court of
Ontario.*

Defendant’s
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

- In the Supreme Court of Ontario.*
- Defendant's Evidence.
- No. 23.
Roland Charles Feilding.
Cross-examination on Commission by Mr. Fitzroy—
continued.
- 507.—*Q.* And do you know whom it was signed by?—*A.* Treadgold.
- 508.—*Q.* But it was signed by two people?—*A.* I think it was signed, but I do not want to swear to that, because—
- 509.—*Q.* You are not absolutely sure of that?—*A.* I am not absolutely sure of that.
- 510.—*Q.* When you returned it, that was on what date?—*A.* January 5th, 1927, we returned it.
- 511.—*Q.* This was after you had withdrawn your money or gave notice to withdraw it?—*A.* No. We had brought our action on April 1st—a little later. 10
- 512.—*Q.* Yes, but you gave notice?—*A.* We gave notice to withdraw a year earlier.
- 513.—*Q.* So that you would not suggest, then, that you were entitled to anything after you gave your notice, except the return of your money. You had exercised an option under the last clause?—*A.* Yes.
- 514.—*Q.* I just want this clear, because otherwise, of course, the Certificate must have been yours?—*A.* Well, I tell you I saw it in the Certificate Book, cancelled, and dated February 28th, 1925.
- 515.—*Q.* Yes, but what I am putting to you is this: at the time when this Certificate came into your possession, having given notice to withdraw 20 your money, you were not entitled to retain it?—*A.* Well, we had not got our money, and besides, do not forget that, having failed by June 21st, 1926, to get our money which we had asked for in January of the same year, we then wrote that as the loan had not been repaid, we had decided to remain in the company. We called in our loan in January, 1926, and having failed to get it, we then withdrew the letter calling in the loan on June 21st, so that we were still in it.
- 516.—*Q.* Not necessarily?—*A.* Why not?
- 517.—*Q.* Because, when you have given notice, you have altered the position altogether. I quite understand that in your own mind you may well have thought that was so?—*A.* Well, we did not get it anyway. 30
- 518.—*Q.* I can well appreciate that. But you had given notice in January, and you had written in the following June, do you say?—*A.* Yes.
- 519.—*Q.* But you say that as you had not got your money you were going to remain in?—*A.* Yes, quite.
- 520.—*Q.* And that you regarded as a withdrawal of the notice?—*A.* Yes, I did.
- 521.—*Q.* Did you ever give any other notice before you issued your Writ?—*A.* No—except was not there some Correspondence? Did not I tell you, Treadgold wrote on April 13th. That is right. 40
- 522.—*Q.* I want to clear that matter up, because I do not want any wrong impression with either party. You see, you did not then give again a notice withdrawing your money and to become entitled to your £5,000?—*A.* Well, I presume the action of April 1st was equivalent.
- 523.—*Q.* No, not quite; you still stood on April 1st on the notice of the preceding January 12-months?—*A.* Oh.

524.—*Q.* That is what I am putting to you was the actual fact?—*A.* That may be the legal position, which, of course, I do not know anything about.

525.—*Q.* Now that is the explanation of that. It was returned to Mr. Smallman, and did not come into your possession again. Now I just want a few words about what you have described as “chaos.” You remember the document, do not you?—*A.* Yes, perfectly.

526.—*Q.* September 10th, 1925. Apparently the E.Y. Syndicate had a Meeting on that day, at which Mr. Smallman was present for a certain time and then left?—*A.* No, that is not right. Smallman arrived late.

527.—*Q.* He was there for part of the time?—*A.* Yes, he came in late, and he said he would like to have further time before signing that document.

528.—*Q.* And the result was that the Assistant Secretary sent him a copy?—*A.* Well, I should think there is not a shadow of doubt that he did, but I cannot vouch for that.

529.—*Q.* I do not know whether this is a letter which purports to be written by the Assistant Secretary, Mr. Marsh, to that effect?—*A.* There is little doubt about that, I expect.

530.—*Q.* And also a reply from Smallman. Smallman then sent a letter back to the Syndicate, did not he; at least, he sent a letter back directly to you?—*A.* Did he?

531.—*Q.* Perhaps this will recall it to your mind. I have here this: “I am afraid I am in very great difficulty over signing the Memorandum as I feel strongly that absolutely unnecessary powers are being given to the proposed representative; if it becomes necessary to send one out, surely all he will have to do will be to obtain the resignations of all the Directors of the Companies and appoint the new Boards and Advisory Committees and to obtain all information and report to London and deal with the North Fork Shares. The whole of the other suggestions are the work of new Boards with the help of the Advisory Committees. The North Fork Shares are endorsed into Cunynghame’s and my names and must be transferred to us as Trustees for the Consolidation. The Manager must be appointed by the Consolidated Company, whatever that Company is. The preamble, in my view, is unnecessary and dangerous; the facts are on record and the Memorandum could start with the instructions as to the representative, with, if you like, a non-committal preamble. I return the Memorandum and should be obliged if you could get Mr. Marsh to send a copy of this letter and the Memorandum to me at 8 Queen Street. With kind regards, Yours very truly, Raleigh S. Smallman.” Do you remember that letter?—*A.* No, frankly I do not.

Mr. GARDINER : What is the date ?

Mr. FITZROY : It is dated 11th September, 1925.

THE WITNESS : What is the date ?—September 11th, 1925.

*In the
Supreme
Court of
Ontario.*

Defendant’s
Evidence.

—
No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

532.—*Q.* You should have the original?—*A.* But then I have had to give in so many letters on these various occasions that it is rather difficult. (*After searching*): No, I have not got it.

533.—*Q.* Do you remember receiving a letter from Mr. Smallman?—

A. No, I do not remember it, but, of course, if you have got it there, I did receive it.

534.—*Q.* I have only a copy; the original would be with you, you see?—*A.* No, I have not got it. I have probably handed it in. But as a matter of fact, the whole of this scheme fell through, because this representative whom they were going to send to Canada was not sent at all, and so the letter has really very little value. 10

535.—*Q.* I want, for a moment, to turn to your early conversations with Mr. Treadgold, and the Meetings which eventually induced you to persuade your Company to advance money. I think you said that you understood that the object of the consolidation was to obtain the controlling interest in seven-eighths of the Klondyke Field. Is that right?—*A.* Yes, that is right.

536.—*Q.* How was that to be done, as you understood it?—*A.* It was to be done through the medium of a Syndicate which Mr. Treadgold had formed—or told me that he had formed—called the E.Y. Syndicate, and through the E.Y. Syndicate to be consolidated under the control of a Company to be called the Yukon Consolidated Gold Corporation Limited. 20

537.—*Q.* Yes, but what I want from you is this; the various workings and the various properties in the Klondyke, were owned by Companies, were they not?—*A.* Yes.

538.—*Q.* Properly constituted Companies?—*A.* Yes.

539.—*Q.* Canadian Companies?—*A.* Yes.

540.—*Q.* I think they were all Canadian Companies, were they?—*A.* I think so.

541.—*Q.* Was not the object then to obtain control of the Companies 30 by the purchase or by the acquisition of the majority of the Shares in each of these Companies; that was the only way to do it, was it not?—*A.* That is a way it could be done.

542.—*Q.* It was the only way?—*A.* I have a letter here from Mr. Treadgold, or rather a copy.

543.—*Q.* What is the date of that?—*A.* I expect you have got it. It has no date on it, it begins: "Dear Stirling."

544.—*Q.* Can you give me the Exhibit No. in the former action?—*A.* I am afraid I cannot; there is nothing on it at all.

545.—*Q.* It was exhibited by you, if at all. Perhaps you will read 40 what you want?—*A.* There is only just this point; he is writing to Colonel Stirling, and this paragraph is the second paragraph: "The E.Y. Syndicate is applying the £30,000 cash, which it is raising, to payment of the cash obligations which must be met before the majority interests now being acquired for the Yukon Consolidated Gold Corporation can be passed into the Corporation. Messrs Govett and Beatty get none of it: their holdings throughout get only Shares in the Yukon Consolidated, but the Goldfields

group, having of themselves a majority position, demand and get cash." This is a letter from Treadgold to Stirling.

546.—*Q.* How did you get possession of it?—*A.* Colonel Stirling brought it to me.

547.—*Q.* Was this during the negotiations?—*A.* I think this was probably the first letter that was given to me dealing with this proposal.

548.—*Q.* The object was to obtain the majority of the Shares in the various Companies.—*A.* It does not say that, it says, "the majority interests," that is the wording here.

10 549.—*Q.* Majority interests. Can you attach any other meaning to that, other than acquiring the majority of the Shares?—*A.* I would go further than that: Treadgold, in his conversations with me—most of the negotiations at that time—in fact, at all times, were conducted by word of mouth, and not by letter; and he told me that his Consolidation, as then contemplated, would include seven-eighths of the Klondyke Field—in fact, everything that mattered.

550.—*Q.* Wait a moment; what is that seven-eighths: that is a controlling interest in the seven-eighths, and not the whole of it?—*A.* Yes, I think the whole of the seven-eighths.

20 551.—*Q.* Surely not. How could you possibly force people who held Shares in a Company, to sell them to you?—*A.* This is a very complicated question, but as I understand it, the New North West Corporation for example, had been so—mind you, I do not want to give this exactly as facts, because I am not quite clear, but my impression is that the New North West Corporation had been so reconstructed, that if you held the prior securities, you held the whole thing.

30 552.—*Q.* No, no, no.—*A.* And the whole of the prior securities were bought—let me see now—55 per cent. I think it was from the Consolidated Goldfields and the balance from Beatty and Govett, so that in that case, they certainly, you may say, possessed everything that mattered in the case of the New North West Corporation.

553.—*Q.* You say they owned the prior charges. What is going to happen unless you close down the Company altogether, or bring actions against them to do that—what is going to happen to the Shareholders?—*A.* One knows perfectly well—one has seen plenty of instances of Companies which have got into difficulties where reconstructions are necessary, where the Ordinary Shares have been wiped out altogether; and that I take it was the case here.

40 554.—*Q.* Was any Company reconstructed out there?—*A.* I could not give evidence on that point.

555.—*Q.* You do not know?—*A.* No, but I believe it was.

556.—*Q.* I do not want what you believe?—*A.* I do not know.

557.—*Q.* This is not an examination in theology as to what you believe and what you do not; it is an examination as to fact.

Mr. ST. JOHN FIELD: Not an examination in Company Law.

THE COMMISSIONER: The witness says he does not know.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

558.—*Q.* Mr. FITZROY: What do you say were these prior charges. For instance, first of all, we will take the Goldfields?—*A.* I cannot give evidence on this after so long a period. It happened 12 years ago, and I cannot give evidence on that subject.

559.—*Q.* You have given evidence on about four occasions since then, and you have had innumerable interviews, I presume, with the Solicitors who have taken your Proof?—*A.* I do not think I have spoken to our Solicitor for more than five minutes since this question was raised the other day.

560.—*Q.* What do you call the other day?—*A.* Was it a week or 10 10 days ago when they first wrote to me?

561.—*Q.* That is near enough for me.—*A.* I have spoken to Mr. Hopkins I think twice for about five minutes each time, and that is all.

562.—*Q.* You were advising your Company to put money into this concern; in fact may I take it that you regarded yourselves in some form as promoters?—*A.* No; we were not promoters; Treadgold was the promoter.

563.—*Q.* What were you getting Shares for if you were not promoters; why were you getting Shares if it was not part of the promotion consideration?—*A.* It is a question of definition; you can call us what you like. 20 The facts are perfectly well known; Treadgold came to us with this proposal, and we put up £5,000. If you like to call us promoters, you can.

564.—*Q.* Co-adventurers, shall we say; will you be satisfied with that?—*A.* If you like.

565.—*Q.* I do not want anything about if I like; I want to know what you say?—*A.* Do you want me to say we were adventurers?

566.—*Q.* Will you agree with me you were co-adventurers?—*A.* Yes, we were certainly.

567.—*Q.* The next thing I put to you is this: that the Goldfield prior charges, which as you say were with Beatty and Govett, were very big 30 prior charges, and would control the situation?—*A.* Yes.

568.—*Q.* I am putting it to you this way: that you know quite well that the Goldfields had given Treadgold personally a definite offer to acquire their interest for £60,000?—*A.* I know nothing about what happened between Treadgold and the Goldfields.

569.—*Q.* You told me you were in close touch with him; are you suggesting he did not tell you?—*A.* He may have told me at the time, but it is 12 years ago, do not forget.

570.—*Q.* I am putting this to you, that that was exactly what induced you to put money up?—*A.* Yes. 40

571.—*Q.* That he had a firm offer to him or to his nominee, and you put up the money and the E.Y. Syndicate became those nominees?—*A.* Quite.

572.—*Q.* Is that so?—*A.* Yes.

573.—*Q.* And that was the reason why the E.Y. Syndicate said that they held in trust for Treadgold, and that is the origin, really, of the reason for the letter.—*A.* I deny that they held it in trust for Treadgold.

574.—*Q.* You tell me that, but I am putting to you that that is the reason why the letter was given?—*A.* I deny that.

575.—*Q.* You were not there, as a matter of fact, so you cannot answer it?—*A.* I was at the Meeting of December 6th, when the agreements were accepted.

576.—*Q.* As a matter of fact, the first time you appear to have seen the letter was on the day on which you became a Director. We dealt with that yesterday. There was £30,000 to be raised, of which £5,000 was raised right away, for the Goldfields. Your firm provided £5,000?—*A.* I cannot agree that £25,000 was found. I am not sure whether it was or was not. I doubt it; it may have been.

577.—*Q.* Wait a moment, you were a Director of the Yukon Company?
A. Yes.

578.—*Q.* And of the E.Y. Syndicate also?—*A.* Yes.

579.—*Q.* The E.Y. Syndicate paid to the Goldfields, £25,000?—*A.* The E.Y. Syndicate paid to the Goldfields £5,000 on December 31st, and £30,000 on January 31st, or thereabouts; and of that money, as I told you yesterday, something under £20,000 was provided by the contributories to the E.Y. Syndicate, and the balance was borrowed from the New North West Corporation.

580.—*Q.* I do not think that is what you said?—*A.* That is what I said yesterday, and I repeat it to-day.

581.—*Q.* This is rather interesting, and it is rather important too. You say that the—*A.* May I say it again; I will repeat the whole story. There were two agreements with the Goldfields of the 6th December, 1923; the first one was to buy the Goldfields interest in Burrell & Baird, the Northern Light & Power Company, and there was one other—anyhow, the price was £22,500 cash, which was paid.

582.—*Q.* That was paid?—*A.* That was paid.

583.—*Q.* Where did that come from?—*A.* I am going to tell you in a minute. In addition to that, £2,500 had been paid before that date, that is before December 6th. £5,000 was paid on December 31st, and £30,000 was paid on January 31st; that is a total of £60,000. That was provided as to about £20,000—rather less than £20,000—by the contributories to the E.Y. Syndicate, and the balance was provided by the New North West Corporation.

584.—*Q.* £20,000 you say by contributories to the E.Y. Syndicate?—*A.* I said slightly less than £20,000, if I remember rightly.

585.—*Q.* By the contributories to the E.Y. Syndicate and £2,500 by what?—*A.* No £30,000 by the New North West Corporation.

586.—*Q.* What about the £2,500?—*A.* The balance of £30,000, making up £60,000 in all, by the New North West Corporation; that is what I said.

587.—*Q.* Who borrowed this. You say there was £40,000 borrowed from the New North West Corporation?—*A.* It was approximately that.

588.—*Q.* Did you borrow that?—*A.* I did not borrow it. Treadgold arranged all that.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

589.—*Q.* How did it get to the E.Y. Syndicate?—*A.* How did it get to the E.Y. Syndicate?

590.—*Q.* Yes, if Treadgold arranged to borrow it?—*A.* He did it on behalf of the E.Y. Syndicate.

591.—*Q.* How do you know these facts?—*A.* I know them because—how does one know—I cannot tell you how I know them—I just know them.

592.—*Q.* How did they come to your knowledge; you were not a Director. Why should they come to your knowledge?—*A.* I have been studying this question, and at that time I studied this question very closely, and it is reasonable I should know that, is not it? 10

593.—*Q.* Did you get this from the documents of the E.Y. Syndicate, or did you learn it from other people?—*A.* I learned it from other people, of course, because I was not a Director at that time.

594.—*Q.* £22,500 you say was paid on the 6th December, 1923, and £2,500 on the 31st?—*A.* No, no, I did not say that.

595.—*Q.* £5,000 was paid on the 31st December, and £5,000 on the 28th January?—*A.* No, I said the 31st January or thereabouts.

596.—*Q.* Do you say the £2,500 was borrowed from the New North West?—*A.* That was paid before my time, I cannot tell you anything about that. If you read the Goldfields Agreement of the 6th December, you will find they acknowledge having received £2,500. 20

597.—*Q.* Is that an Exhibit?—*A.* Yes.

598.—*Q.* May I see that? (J.W.C.1 handed) All this, as you say, happened before you joined the Board of the E.Y. Syndicate?—*A.* Not all of it—yes, I beg your pardon, it all happened before I became a Director, but not before we joined in; we paid our money, you remember, in November 1923, which was before December 6th.

599.—*Q.* I was going to ask you about the payment of that money. When you paid that money, you had no agreement with the E.Y. Syndicate?—*A.* No. 30

600.—*Q.* Why did you pay it?—*A.* Because we trusted Treadgold's honesty.

601.—*Q.* It was an agreement with Treadgold?—*A.* Yes, Treadgold acting for the E.Y. Syndicate.

602.—*Q.* Did he say that he was acting for the E.Y. Syndicate?—*A.* Oh yes he did, most decidedly.

603.—*Q.* There is a letter, is there not?—*A.* I am not quite sure; I should think very likely there are letters. Here it is, the very first letter I quoted to you just now. He says, in the first letter which I have just read to you: "Your Shares will come from the second Preferred and Ordinary," etc. 40

604.—*Q.* Yes, but have you got the letter which you just referred to?—*A.* This is the one I am reading now.

605.—*Q.* What is the date of that?—*A.* It has no date. It is addressed to Colonel Stirling, and begins: "Dear Stirling," and is marked "Private."

606.—*Q.* Your Company paid the money on, you have told me, a certain day in November 1923. You had no formal agreement with the E.Y. Syndicate until, I think it was, August 1924?—*A.* The 20th August, 1924.

607.—*Q.* You did not part with £5,000 without some agreement with some body?—*A.* We parted with the £5,000 apparently, without any agreement with anybody; purely on the correspondence.

608.—*Q.* Let me see any correspondence which is addressed to you with regard to that loan?—*A.* I have no original correspondence left. I think I have given it practically all in. Here is a letter dated the 28th June, 1923, which begins: "Dear Sirs"; it is addressed to nobody, and is signed "Treadgold"; no initials; just "Treadgold."

609.—*Q.* This is June 1923?—*A.* It is a copy and is June 28th 1923.

610.—*Q.* Is not there one of the 16th November. Is not there a letter written by you?—*A.* Yes, I have a copy of that.

611.—*Q.* Is that in one of these Exhibits: just read it to me, will you?—*A.* "Dear Mr. Treadgold, With reference to your invitation that when the Yukon Consolidated Gold Corporation Ltd. commences business by buying the Shares (preferred and Ordinary) which the E.Y. Syndicate has agreed to deliver to its subscribers, I should become the third Director of the Board of the Corporation, and the third Member of the London Advisory Committee, I beg to say that I shall be very glad to accept this invitation, which I understand from your letter will materialise during the present year."

612.—*Q.* That is not anything with regard to your lending £5,000?—*A.* That does not refer to it, no.

613.—*Q.* I am asking you about that?—*A.* You asked me to read that particular letter, if I am not mistaken.

614.—*Q.* I asked you to read that, because you led me to infer that that was the letter which referred to it?—*A.* No; you called my attention to it; I have turned to it on your request.

615.—*Q.* Have you a copy of a letter written by yourself in November 1923?—*A.* November 23rd.

616.—*Q.* Some time in November 1923?—*A.* There is a letter of the 16th November, 1923.

617.—*Q.* What is that?—*A.* "Dear Mr. Treadgold, I am much obliged for your letter of yesterday's date. Subject to their approval of the list of interest which you are acquiring in the Klondyke District, and which I understand you are submitting to me to-day—on behalf of the Yukon Consolidated Gold Corporation Ltd., my Board has agreed to take a participation of £5,000 in the E.Y. Syndicate, on the following terms in accordance with your offer: in consideration of the payment of £5,000, this Company is to be allotted: £5,000 of 8 per cent. Cumulative Convertible First Preference Shares of \$1 each; £5,000 of 8 per cent. Cumulative Convertible Second Preference Shares of \$1 each; £5,000 Ordinary Shares \$1 each, of the Yukon Consolidated Gold Corporation Limited: exchange is to be taken at the rate of \$4.70 to the £ sterling."

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

618.—*Q.* You lent that money on the strength of that letter?—
A. Yes, evidently we did.

619.—*Q.* I think that you told me that your firm put the money up?
—*A.* Yes.

620.—*Q.* I asked you, I think yesterday, if it was not you and others, and I asked you that, because I notice that when you signed the agreement on the 20th August, it is signed on behalf of yourself and other lenders. I think perhaps it was a draft in which that occurred, and that it did not occur in the original, so I may be wrong on that.

Mr. ST. JOHN FIELD: You clearly are wrong. 10

621.—*Q.* Mr. FITZROY: There is a draft in the Exhibit Book in Canada, and it has that particular thing at the end of it. I had better look at the original, to see if it was there or was not. I do not want to put anything to the witness that was not there. Perhaps you will tell me this in the meantime, as to the £5,000. Did Williamson, Fawcett and Stirling provide that?—*A.* No, not a penny.

622.—*Q.* The whole thing was———*A.* The whole thing was provided by General Mines Investment.

623.—*Q.* What was the list you referred to in that letter?—*A.* Which letter? 20

624.—*Q.* The letter which you have just read, on which you put the money up?—*A.* At this period of time it is impossible to answer that question. I can only refer you to the diagram which was submitted yesterday, which is the only list which I believe is in existence at the moment—which I know of anyway. I may perhaps modify that statement, because there is a quarto size printed Memorandum which you produced yesterday, or which somebody produced yesterday, which also gives a list.

625.—*Q.* Was not that one of the things which was put in by Mr.——
—*A.* I do not know who put it in.

626.—*Q.* It was something which was supplied later?—*A.* No, it was 30
one of the original Memorandums. It is a draft, of course—I saw it yesterday.

627.—*Q.* This chart which we have here, you told us yesterday was what was originally suggested should go through the E.Y. Syndicate—in fact, everything apparently of the green lines was to go through the E.Y. Syndicate. We know a great deal of that was changed afterwards. I see here that the prior charges, for instance, taking Burrell & Baird, were \$400,000; \$223,000 odd by the Goldfields; \$100,000 odd by Govett, and \$58,000 by Beatty; so that really if you acquired those, you acquired the whole of the prior charges?—*A.* I think that is so. 40

628.—*Q.* I think Burrell and Baird add up to \$400,000?—*A.* That is the total, is it?

628a.—*Q.* That is the total; and about 60 per cent. of that charge was in the hands of the Goldfields?—*A.* Those are the figures I gave you just now, I think, and I believe those are correct. I said just now that three interests were taken over by the Goldfields. You asked me which

securities were taken over from the Goldfields in the first agreement of December 6th, for which £22,500 was paid; certain Granville prior charges were included there, I see.

629.—*Q.* Can you give me a list of what was taken over, or can you not?—*A.* Is not it in the agreement. I have got the agreement here if I can refer to that. Here is a list of them. It is in the agreement with the Goldfields.

630.—*Q.* On the purchase of the Goldfields, you then obtained really a controlling interest; in other words, you obtained somewhere about
10 60 per cent. of the various rights which are mentioned in that agreement; that is, 60 per cent. of the prior charges, and 60 per cent. of certain other things, prior liens, in each of those three Companies which the Goldfields held certain interests in. That was the commencement, or the first real step towards consolidating the Yukon position, was it not?—*A.* Quite, yes.

631.—*Q.* That did give you a controlling interest over those particular things?—*A.* Yes.

632.—*Q.* And the whole of the object from that time forward was to obtain a controlling interest?—*A.* We had obtained a controlling interest.

633.—*Q.* Of these prior charges; but you certainly had not obtained
20 a controlling interest in the Yukon?—*A.* We had.

634.—*Q.* Not until you had obtained at least 51 per cent. of all the Shares or all the charges which existed in each of the Companies; apart from that, you could not obtain it. How could you? Tell me this: exactly what you yourself understand by the "controlling interest"?—*A.* A controlling interest in—do you mean as expressed in ordinary conversation?

635.—*Q.* No, I mean as regards this?—*A.* As regard this, it meant everything which mattered, we had got to have. It was clearly set out in the Chester Beatty agreement what was meant by it.

636.—*Q.* You were not a party to the Chester Beatty agreement?
30 —*A.* No, but it shows what the intention was.

637.—*Q.* I asked you what you yourself understood by a controlling interest?—*A.* I understood by "controlling interest" that we wanted everything that was worth possessing in the Yukon District: seven-eighths of the Yukon District.

638.—*Q.* That is that you wanted seven-eighths, I am putting it to you now?—*A.* I think if a little was left out, I should not personally have objected—if a small portion of the Junior Stock was left out. It is very difficult to answer these questions; my impression is that the Junior Stocks
40 are worth nothing at all, and were not worth anything at that time, and never have been worth anything since, so if they were left out, we naturally should not object.

639.—*Q.* What about the other one-eighth; what did you propose to do with the other one-eighth. If you only acquired seven-eighths, what was to happen to the remaining one eighth?—*A.* We should leave it. It would be left out of the Consolidation. The proposal made to us by

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

Treadgold was that this Consolidation was to control seven-eighths of the Field; about the other one-eighth, I did not worry.

640.—*Q.* Control of seven-eighths of the Field is a very different thing perhaps to controlling seven-eighths of the Stock of the Company, is not it?
—*A.* Yes, by "control" in this particular instance—again, I cannot help repeating that it happened 12 years ago, and it is a little difficult to remember every detail of every little conversation, but my impression is that it meant that we should own seven-eighths of the Field.

641.—*Q.* Seven-eighths of the Field?—*A.* Of everything that mattered in the Field; put it that way. 10

642.—*Q.* That is seven-eighths of the capital of the Companies?—*A.* Seven-eighths of everything that mattered in the Field; that is all I can answer.

643.—*Q.* But you did not obtain, and there was no intention at the time of buying, the actual land; it was the Shares of the Companies?—*A.* It was the Shares of the Companies that mattered. There were a lot of Shares which were so Junior that they did not matter; in that case they would have been left out, I presume.

644.—*Q.* Was seven-eighths ever acquired, do you know?—*A.* That I cannot answer. 20

645.—*Q.* In any case, that is as you understood it: seven-eighths of the Shares or the controlling interest in seven-eighths, was to be acquired by means of this Consolidation?—*A.* By means of this Consolidation, my understanding was that seven-eighths of everything that mattered would be consolidated under the control of one Company. I cannot say more.

646.—*Q.* Then with regard to the Companies which were acquired, or the securities which were acquired in the various Companies: they still continued to be Canadian Companies, and they still continued to function as such?—*A.* The intention was that they should continue to function as independent Companies for a time, but as soon as it could be managed, 30 they would be wound up and their assets would be vested in the Yukon Consolidated.

647.—*Q.* That was the idea?—*A.* That was the idea.

648.—*Q.* That was the idea as you understood it?—*A.* It was quite clearly the idea; it is in one of the letters.

649.—*Q.* I do not know, but I believe in Canada, it is rather difficult for a majority to wind up a Company. You do not know anything about that?—*A.* I know nothing about that.

650.—*Q.* In pursuance of that policy, the first thing you did was to acquire the Goldfields, or certain interests of the Goldfields, for the £22,500, 40 and afterwards, to acquire a further interest of the Goldfields, for a further sum, the whole total about £60,000?—*A.* Yes.

651.—*Q.* A considerable portion of this money you say was borrowed from the New North West?—*A.* All but about £20,000.

652.—*Q.* How did you propose to pay that back?—*A.* I think I know how it was paid back.

653.—*Q.* How was it proposed. I take it you did not enter into borrowing arrangements without some idea of paying it back.

654. The COMMISSIONER: I did not understand the witness to say he had ever entered into any borrowing arrangements?—*A.* I had nothing to do with the borrowing.

655. Mr. FITZROY: Had you anything to do with paying it back?—*A.* I had nothing to do with paying it back or borrowing it.

656.—*Q.* Was it paid back before you became a Director?—*A.* No.

657.—*Q.* Was it paid back during the time you were a Director?—
10 *A.* I believe not.

658.—*Q.* It was still owing when you ceased to be a Director?—*A.* I believe it was.

659.—*Q.* The Yukon Company became merely a holding Company?—*A.* Yes; it should have started as a holding Company.

660.—*Q.* The only money they could ever get would be from dividends on the Shares which they held, unless they borrowed it?—*A.* Unless the individual Companies were wound up, as was intended.

661.—*Q.* They were not wound up?—*A.* I believe not—not in my day.

662.—*Q.* Where did the money come from if they ever had any?—
20 *A.* The individual Company's?

663.—*Q.* No, the Yukon Company. Do you know that?—*A.* The intention in those early days was to issue Preference Shares for cash.

664.—*Q.* Issue Preference Shares?—*A.* To issue Preference Shares for cash. That was considered several times during my time. In fact, some of them were issued for cash, by a Company called Avenue Issues, which perhaps you have heard of.

665.—*Q.* Wait a moment.—*A.* That again is hearsay, so it is not evidence.

666.—*Q.* Nobody could issue Preference Shares except the Yukon
30 Company itself, that is obvious?—*A.* They sold them in London.

667.—*Q.* If they were sold in London, they had to be issued by the Yukon Company. Where did the money come from then, which the E.Y. Syndicate had; they paid out all they borrowed?—*A.* They never had any money after that.

668.—*Q.* They never had any money?—*A.* Not after that.

669.—*Q.* Did not you yourself receive some money for rent, for the use of the office?—*A.* Yes, that is true; we did receive some money for rent.

670.—*Q.* Where did that come from?—*A.* I am not sure. I do not
40 know where it came from now. This was 12 years ago. If you like to give me time, I will go and look it up, but unfortunately they have destroyed all the papers. The Liquidator destroyed the papers, so it is impossible to check anything.

671.—*Q.* You have put in a large number of sheets of paper which purport to be Minutes of the E.Y. Syndicate, have you not?—*A.* They are copies of the Minutes; they do not purport. They are copies which we had.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

672.—*Q.* Let me leave that for the present, and turn to the Minutes. I do not want to deal with anything until you became a Director, and that was when?—*A.* June 27th, 1924.

673.—*Q.* 1924 you say you became a Director. The first Minute that I have in the Exhibit which you have put in, which was 153(b) formerly, is the 13th day of August: "Agreement between the Syndicate and General Mines Investment Company was read and approved, and it was resolved that Mr. Smallman be authorised to sign on behalf of the Company." That was several months after you had parted with the money, as you have told us?—*A.* Yes. 10

674.—*Q.* And that agreement was, as we know, an agreement which was executed on a later date, defining exactly what you were to get for it, and your rights under the agreement, and it also contained a condition or a clause which gave you a right to rescind, which afterwards you exercised. As a matter of fact we talked about that agreement and the rescission yesterday, did we not?—*A.* Yes.

675.—*Q.* You gave us quite a lot of information with regard to that. As a matter of fact, eventually you sued the E.Y. Syndicate and you got, as you told us, 16s. 6d. in the £ on your Judgment. Now that agreement, although you had put up your money on the statements made by Mr. Treadgold, had nothing whatever to do with him?—*A.* No, nothing. 20

676.—*Q.* As an agreement, it was entirely between you and the Company?—*A.* Yes.

677.—*Q.* "The Secretary reported the execution of a Bill for £1,250 in favour of the Canadian Bank of Commerce, and a further Bill for £500 was duly signed." Where was the money coming from to pay for those. I am still dealing, for the moment, with the 13th August Minute?—*A.* This was borrowed from the Canadian Bank of Commerce, I imagine.

678.—*Q.* If you had no money, how were you going to pay it back?—*A.* I suppose it must have been on our credit. 30

679.—*Q.* Did you put up any security to the Bank. The Bank surely did not lend you this on credit?—*A.* Banks often do, as you know.

680.—*Q.* But not a Company that has a Share capital of 11s.?—*A.* I cannot tell you at this period how it was done; but I think it is more than likely that the Canadian Bank of Commerce put it up on the security of our credit. I have no recollection of how it was done.

681.—*Q.* You have no recollection and you are a Company with 11s. in the till, apparently?—*A.* Yes.

682.—*Q.* And you suggest you can borrow £1,250 without some other security?—*A.* On the names of the Directors, certainly; it is often done. I have often done it myself. 40

683.—*Q.* As a Director, did you?—*A.* No, I did not, but they know who the Directors are; the Bank knows all these things.

684.—*Q.* Do they?—*A.* Certainly they do.

685.—*Q.* Will you state definitely?—*A.* I cannot state definitely anything at this period of time.

686.—*Q.* I do not want anything you cannot say definitely.—*A.* Then I must remain silent, because I do not remember the details.

687.—*Q.* You cannot tell me how you borrowed the £1,250 unless you put up security of some sort ?—*A.* On credit is my answer.

688.—*Q.* I am putting to you that it is a most unlikely thing that a Bank would lend— *A.* That is a surmise, and I differ with you.

Mr. ST. JOHN FIELD : The Bank did it.

689. Mr. FITZROY : The Bank did it, and I am suggesting to you the Bank did it because you put up securities, and I am asking you what
10 securities you put up ?—*A.* I reply—

Mr. ST. JOHN FIELD : I really do desire to have put on this note my protest against the utter irrelevancy of this cross-examination.

Mr. FITZROY : And the utter irrelevance of the whole evidence from start to finish, I agree.

The COMMISSIONER : It might be feasible, I should think, to cut down the cross-examination, then.

Mr. FITZROY : The question, of course, arises that one never knows what they will do in Canada.

The COMMISSIONER : I think I ought to say this at this stage : that
20 my attention has been drawn to the fact that this case is down for hearing on the 10th June in Canada. I may not be right, but I believe the last boat from this country for Canada leaves on Friday night. If that is so, it is quite impossible to get the papers from this Commission to Canada in time for the 10th June, unless they go off tomorrow night. In view of that, I think the parties might between them, make some effort to bring the evidence to a conclusion tomorrow; otherwise, it is quite impossible for the transcript to be made and the exhibits sent out in time. I will not say more than that.

Mr. FITZROY : I am given to understand that an application has been
30 made for a cross Commission, which, if that was granted yesterday, will make it absolutely impossible for anything of the sort to happen. In any case, if the matter has to go out, it can go out with half the witnesses done, or go out in any way you like. I do not know really.

The COMMISSIONER : I do not know that I can return a partly executed Commission to Canada. I think I have to complete the Commission and then send it out.

690. Mr. FITZROY : The next Minute is on the 26th August; I do not think there is anything there I want to ask you about. In the mean-
40 time, there had been the dismissal of Mr. Smallman, which I think you explained yesterday in this way, that you thought when you shifted the office, you would like to shift your Secretary and have your own man there ?—*A.* Yes. I see Mr. Smallman uses the word "dismissal," but that is a wrong word; it was not a dismissal at all.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

691.—*Q.* Afterwards, of course, he did resume the position, or was re-appointed?—*A.* Yes; he was evidently very much hurt about it, so naturally, for the sake of peace, we re-instated him.

692.—*Q.* The next one is on the 3rd September. I do not think there is anything there I want from you. The next one is the 10th September, in which Mr. Smallman comes back again; there is nothing there that I want to ask you about. The next is the 17th September, and there is nothing there that I want to ask you about. The next is the 24th September. In that Mr. Lawther stated that Mr. Treadgold would be unable to attend the Meeting. “The negotiations between Messrs. Beatty and Govett were almost completed, and Mr. Treadgold would report to the Chairman as soon as the business was concluded.” That is what Mr. Lawther stated. What about these negotiations between Beatty and Govett?—*A.* What about them? 10

693.—*Q.* Yes, what do you know about them. What negotiations were there going on. Do you know anything of the negotiations which were going on between Beatty and Govett?—*A.* It is clear from the Minutes that Mr. Treadgold was negotiating with Beatty and Govett, on behalf of the E.Y. Syndicate.

694.—*Q.* This rather reads something different. It says, “Negotiations between Messrs. Beatty and Govett were almost complete.”—*A.* It is badly worded there. It obviously means the negotiations with Messrs. Beatty and Govett. We have not the original to check it, but that is obviously what was intended. 20

695.—*Q.* You mean to say that this, as far as you remember, is an incorrect Minute?—*A.* No, it is not incorrect. Whoever drafted that put in the wrong word; when he put in the word “between” he meant “with” obviously.

696.—*Q.* You remember that, do not you?—*A.* No, I do not remember it, but I think it is obvious from the context. 30

697.—*Q.* As regards negotiations with Beatty and Govett, I do not think the Syndicate ever had anything to do with them, did they? They did not negotiate at all?—*A.* They negotiated through their agent, Mr. Treadgold.

698.—*Q.* Mr. Treadgold did all the negotiations?—*A.* As far as I know. I think later on, Smallman and Cunnyngame took part.

699.—*Q.* Eventually I agree the rights, or whatever they possessed, the property or securities or whatever they may have possessed, were acquired by Smallman and Cunnyngame?—*A.* In their position as Trustees.

700.—*Q.* In the meantime, the fact remains that as regards Beatty and Govett, no agreement was ever reached between either of them and the E.Y. Syndicate?—*A.* Not directly. 40

701.—*Q.* No agreement at all; you say “not directly”?—*A.* There was no direct agreement as far as I can remember, between Beatty and Govett and the E.Y. Syndicate.

702.—*Q.* What do you suggest. Do you suggest there was something done indirectly with the E.Y. Syndicate?—*A.* Certainly.

(Court adjourned sine die.)

Toronto, November 22nd, 1935.

(Case resumed.)

*In the
Supreme
Court of
Ontario.*

(Mr. MASON, reading) :—

“ROLAND CHARLES FEILDING. CROSS-EXAMINATION by
Mr. FITZROY (Continued).”

Defendant's
Evidence.

703.—*Q.* What?—*A.* Smallman and Cunnyghame, acting as Trustees for the North Fork Company, entered into these arrangements, and I think it would be advisable if I may refer to a letter—you may say it is not evidence—written by Smallman to Moore on October 27th, 1927, where
10 I think the position is clearly set forth.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

704.—*Q.* May I see the letter before you read it?—*A.* It has been put in.

705. Mr. ST. JOHN FIELD : I do not think it has been put in ; here is a copy.—*A.* It is a very long letter.

706. Mr. FITZROY : May I look at it for a moment and see whether there is anything in it I want. (*Handed*). I do not see that this links up the E.Y. Syndicate at all?—*A.* I think you will find it says that he and Cunnyghame were appointed Trustees of the North Fork and were being authorised by the E.Y. Syndicate.

20 707.—*Q.* I do not think this links up the E.Y. Syndicate.—*A.* I think it does.

(*Letter of the 27th October, 1927, marked “ R.C.F. 17.”*)

EXHIBIT No. 95 : Filed by Mr. Mason : Copy of letter dated October 27, 1927 Smallman to Moore R.C.F. 17.

708.—*Q.* That is what you think about this : that really this was a misprint for something meaning negotiations with Messrs Govett and Beatty?—*A.* It is obvious, I should think.

30 709.—*Q.* It does not say so, you see. You were present so you should know. You may know or you may not?—*A.* I am quite sure it meant that.

710.—*Q.* The next Minute is the 1st October, and there I see it says that “ Mr. Morrell suggested that should Mr. Treadgold’s suggestion be adopted whereby the North Fork Company Limited of Toronto will act as the vendor of the properties to be consolidated under the control of the Yukon Consolidated Gold Corporation Limited, an Advisory Board, composed of the Directors of the E.Y. Syndicate Limited, should manage the North Fork Company Limited.” That was the suggestion put forward at that Meeting?—*A.* Yes ; it had already been put forward by Mr. Treadgold himself in a previous Minute. You have read it this morning.

40 711.—*Q.* I do not think I read that?—*A.* If you did not read it, it is true.

712.—*Q.* Just refer to it if you can?—*A.* On the 3rd September, 1924 : “ After consideration it was suggested by Mr. A. N. C. Treadgold, that an Advisory Committee be formed in London composed of five Members.”

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

713.—*Q.* That is on the 3rd September?—*A.* No wait a minute; I beg your pardon, that is the Yukon Consolidated.

714.—*Q.* I do not think there was, before that, any suggestion at all.—*A.* No, I am wrong.

715.—*Q.* At any rate, that is what, at that moment, Mr. Morrell suggested. I think the North Fork Company, as a matter of fact, is registered in Ottawa, not Toronto; do you know that?—*A.* No, I do not.

716.—*Q.* It was, as a matter of fact.—*A.* It says here: "Whereby the North Fork Company Limited of Toronto."

717.—*Q.* I think it is not Toronto, as a matter of fact, but Ottawa. 10
We now come to the Minute of the 8th October, but perhaps before I leave that I might ask you this: no steps were taken to acquire the Shares, or no suggestion made for acquiring the Shares at that time of the North Fork. We know at a later period they were deposited with Mr. Smallman on certain terms?—*A.* No, they were not; that was the trouble. They were not deposited with Mr. Smallman; they should have been.

718.—*Q.* Did not Mr. Smallman have them in his safe?—*A.* No, he did not; that was the trouble. Mr. Chrysler had 16,005 Shares, so we were told, and 40,000 were unissued, and the balance were with Mr. Smallman, so we were told; and we were also told by Mr. Smallman in 20 a letter which was read yesterday, that these Shares were endorsed, and were equivalent to Bearer Shares; and as it was agreed that Mr. Smallman should procure this 16,005 Shares from Chrysler, and Treadgold having undertaken not to issue any more of the unissued Shares, the balance were to be held by Smallman as Trustee for the E.Y. Syndicate; and as we believed them to be Bearer Shares, that was quite satisfactory.

719.—*Q.* I think the statement of Mr. Smallman was that they should be held in trust for all the interested parties, including Treadgold?—*A.* That comes afterwards.

720.—*Q.* That is what Mr. Smallman said, but not what you say 30 at the moment?—*A.* Later we discovered they were not Bearer Shares at all: that every Share was registered in Treadgold's name and that the whole of the North Fork Company belonged to Treadgold; in other words, he had—well, the results, of course, were disastrous.

721.—*Q.* They must have been deposited with Mr. Smallman by Treadgold.—*A.* The original lot?

722.—*Q.* Yes.—*A.* I cannot tell you who deposited them.

723.—*Q.* He must have done, if they were Mr. Treadgold's Shares, surely?—*A.* I cannot give evidence on that point. We were told quite distinctly that the Shares belonged to us, or were under our complete 40 control.

724.—*Q.* I believe that is true.—*A.* Which is not borne out by Treadgold's letter to Chrysler or by the telegram to Chrysler.

725.—*Q.* Let me put this to you: that what you asked for was not that you might keep the Shares hypothecated, but that they should be transferred into the name of somebody else; they were deposited there as

security, and you asked for something different.—*A.* They should have been deposited so that we should continue to control this Consolidation.

726.—*Q.* Will you tell me this : how do you suggest that you would control this Consolidation when the properties had been passed to the Yukon Consolidated Company by means of the North Fork. How do you say the North Fork could pass the control?—*A.* After they had passed from the North Fork to the Yukon, we should control them through the London Advisory Board.

727.—*Q.* How many Shares were the E.Y. Syndicate to get?—*A.* Altogether, it was to get 500,000 Preference Shares and 3,250,000 Ordinary Shares.

728.—*Q.* Surely, surely; just carry your mind back to the Agreement on which Mr. Smallman reported?—*A.* In my answer for “E.Y.” please read “North Fork.”

729.—*Q.* But the North Fork had also entered into a contract on the 11th February, 1925, buying those securities from three distinct sources for that exact amount?—*A.* Yes.

730.—*Q.* What is there left in the North Fork?—*A.* Oh, a tremendous balance of Shares both Preference and Ordinary.

731.—*Q.* If you buy a thing for $3\frac{1}{4}$ million, plus 500,000 Preferred, and you sell it for $3\frac{1}{4}$ million, plus 500,000 Preferred, what have you got left?—*A.* There is a tremendous margin.

732.—*Q.* Where is the margin?—*A.* If you will let me explain to you, I will. In the list in the Agreement of February 11th, 1925, you will find, for example, that in the case of parcel 3, which is the Goldfields parcel—

733.—*Q.* When you say “the Goldfields,” you mean “the property acquired by the Goldfields”?—*A.* Yes.

734.—*Q.* We understand that; it ceased to be Goldfields.—*A.* The purchase price put opposite that parcel, is 94,000 Preference Shares and 600,424 Ordinary Shares. That parcel was bought for cash for £60,000, as you know. Then in the case of parcel 4, against which the purchase price is put as 286,000 Preference Shares, and 2,191,600 Ordinary Shares, we know, from a letter written by Mr. Harrison to Mr. Treadgold, that he was offering to sell his interest for £33,000.

735.—*Q.* He sold his interest for £33,000?—*A.* I do not say he sold it, but he offered to sell it for £33,000; and in the case of Mr. Patton, we know that the price was £30,000, payable as to £15,000 in cash and £15,000 in Shares; and yet here, they are talking of a sum of $2\frac{1}{2}$ million Dollars nearly.

736.—*Q.* No, they are talking about Shares.—*A.* Well, they are Shares.

737.—*Q.* They are not talking about any sum of money at all, nor are they in the other case.—*A.* No more was I, because the Harrison £33,000 was to be satisfied by Shares, so that it comes to the same thing. It is true the only cash transaction so far as I know, was £15,000, the cash portion of the purchase price to Mr. Patton. That is the only cash that ever passed; we were talking of Shares all the time.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

738.—*Q.* What did Harrison get?—*A.* I do not know what he got, but he offered to take £33,000 in Shares.

739.—*Q.* That was not to the E.Y. Syndicate?—*A.* No, Treadgold.

740.—*Q.* Nothing that belonged to Harrison passed to the E.Y. Syndicate?—*A.* No.

741.—*Q.* It is rather difficult to see how the Harrison interest ever got into North Fork for the moment.

Mr. ST. JOHN FIELD: It never did.

742. Mr. FITZROY: Do you know how it got into the North Fork?—*A.* I just overheard a remark that it never did, but I cannot give evidence on that point. 10

743.—*Q.* Do you know of any assignment from Harrison to the North Fork?—*A.* No, I do not.

744.—*Q.* Did you never get any notification at all of that. Are you sure Mr. Smallman did not notify you?—*A.* I cannot remember.

745.—*Q.* You will not say that he did not?—*A.* I cannot remember.

746.—*Q.* There was £15,000 you say paid to Patton, and after that, do you know that Harrison, at a later date, brought an action against Treadgold and the Yukon, claiming 2,000,000 Shares.—*A.* I do not know what his action was, but I know he brought an action. 20

747.—*Q.* You can take it from me he did claim 2,000,000 Shares.—*A.* I was not interested in that.

748.—*Q.* And he got Judgment for something else. Really what Harrison claimed is really the 2,191,600 Shares, less 286,000, that is less the amount which had gone to Patton. You do not know anything about that action?—*A.* In one of the actions in Canada, I remember hearing that of those 2,191,600, 1,000,000 had been transferred into the name of Harrison, as a blind; in other words, Harrison was Treadgold for the time being. You see, I have sat through this for hours and hours and hours, and I have heard this in evidence, some of it. 30

749.—*Q.* You have heard that Harrison received a Certificate for—*A.* I heard that 1,000,000 of these 2,191,600 were registered in Harrison's name as a nominee of Treadgold.

750.—*Q.* They were registered in his name and he assigned them to someone else.—*A.* I do not know what he did with them.

751.—*Q.* You can take it he did do so.

Mr. ST. JOHN FIELD: I do not think my learned friend should say that. I protest against my learned friend saying that the witness should take it that he did.

The COMMISSIONER: The witness has not assented. 40

Mr. FITZROY: As a matter of fact, the witness does not know.

The COMMISSIONER: It is no good asking him what he does not know.

752. Mr. FITZROY: He has said he does not know. You yourself are well acquainted with these Agreements, are you not, of the 11th February and also the 19th February, the one to the North Fork, and the other from North Fork to Yukon?—*A.* I have copies of them here.

753.—*Q.* And also you had a report on them quite early from Mr. Smallman ?—*A.* We had a report on April 16th, 1925, from Mr. Smallman.

754.—*Q.* You yourself received—what number of shares—24,300, was it ?—*A.* It was either that or 24,500.

755.—*Q.* I say 24,300, because it is the half of 48,600, which is a Dollar Share per £.—*A.* As a matter of fact, I think the exchange at that time was always taken at 4.70 to the £.

756.—*Q.* When did you receive the Shares ?—*A.* On the 18th December, 1923.

10 757.—*Q.* You did not receive the Share Certificate then ?—*A.* I did, at least, that is my note.

758.—*Q.* No Shares were issued until 1925 ?—*A.* Then I am wrong ; it must have been much later.

759.—*Q.* It was certainly well after the end of 1925.—*A.* It was on the 18th December I gave him an undertaking to find a further £5,000 for his scheme, to make up his £30,000, on the same terms as the rest.

760.—*Q.* Oh yes, you had arranged for this, but I said, when did you receive the Shares ?—*A.* I thought it was the same day, but evidently it was not.

20 761.—*Q.* You did not receive them until very much later.—*A.* I am quite prepared to admit I am mistaken there.

762.—*Q.* It was a much later date. I suggest you got 24,300—*A.* Ordinary Shares.

763.—*Q.* Yes, being one Share per £, the exchange being 4.86—at any rate, what you did get, you say, was 24,300 or 24,500 ?—*A.* There is some confusion, but it does not matter very much, does it.

764.—*Q.* Where did those Shares come from ?—*A.* Where did they come from ?

30 765.—*Q.* Yes ?—*A.* They came from Shares to be allotted to the E.Y. Syndicate, in connection with the Consolidation ; they would have to be accounted for later.

766.—*Q.* There is no other way in which they could come—that is that they would have been allotted under the 1925 Agreement ; that is the only way they could come, is not it ?—*A.* The 11th February, 1925 Agreement ?

767.—*Q.* No, not the 11th February, they would come by virtue of that, allotted by Yukon on the 19th February Agreement ?—*A.* Well, yes, they would come out of the Agreements of February 11th and 19th, 1925.

40 768.—*Q.* Yes, but so far as Yukon is concerned, they come out of the 19th February Agreement ?—*A.* Yes, I agree.

769.—*Q.* And they would come in fact through the North Fork ; there is no other way ?—*A.* They would pass through the North Fork.

770.—*Q.* The only person, of course, whom Yukon knew, was the North Fork ?—*A.* In theory, yes—officially, yes.

771.—*Q.* Now I want to go to the next Minute, which is on the 8th October. You were present at that Meeting ?—*A.* Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding—
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

772.—*Q.* A letter of Mr. Smallman's, dated 7th October, 1924, was submitted to the Meeting, and as requested by the Syndicate's Auditors, the following Resolution was passed: "It was declared that the whole of the transactions of the Company since its incorporation, with the exception of the issue of its Shares and the appointment of Officers have been entered into by the Company as Trustees only, that the two Agreements between the Goldfields American Development Company Ltd. and the Company both dated the 8th December 1923 were entered into by the Company as Trustees only and not for the benefit of the Company." That is to say, none of those were for the benefit of the E.Y. Syndicate?—*A.* Certainly not. The Company of E.Y. Syndicate consisted of seven clerks in Mr. Smallman's office, each with one shilling, and four other people. It obviously was not for them. 10

773.—*Q.* And as we know, the number of Shareholders was never more than eleven?—*A.* It was never more than eleven.

774.—*Q.* I put to you yesterday, I think, that they were Trustees for Treadgold's interests?—*A.* I say no.

775.—*Q.* Well, who were they Trustees for?—*A.* For the Consolidation.

776.—*Q.* What do you mean by the Consolidation; they had to be Trustees for some persons: what person or persons do you think they were Trustees for?—*A.* I should think primarily for the contributories to the E.Y. Syndicate. 20

777.—*Q.* Why?—*A.* That was the intention. You keep suggesting that it was intended to cut Treadgold out. Nobody in the E.Y. Syndicate wanted to cut Treadgold out. We were all prepared to be generous to Treadgold and if he had gone straight, we would have been generous. He has brought all this upon himself. Nobody was going to try and do him down at all. I personally would have been only too glad to see him make a lot of money out of this business. 30

778.—*Q.* As far as we can see, nobody has made any money out of it; they have all lost money, as far as we can see?—*A.* But they should not have.

779.—*Q.* Then it goes on at the end to say that "they are liable to account to the persons for whom they act as Trustees for all monies received and expended by the Company." Amongst those persons for whom they were Trustees, you suggest were the people who put up the money, and Treadgold would be amongst them—not amongst those who put up the money?—*A.* No, he did not put up money.

780.—*Q.* No; but amongst those for whom they were acting as Trustees?—*A.* My attitude certainly was that after completing this Consolidation, any Shares that were over—I am only speaking for myself—I would have been quite willing to hand over to Treadgold. But there was nothing written; he never asked for a written agreement. I was always surprised at that, but he never did. 40

781.—*Q.* May I put it in this way ; that it was because he took a diametrically opposite view to what you did ?—*A.* Well, I say certainly he did not.

782.—*Q.* The same as you ?—*A.* At the end when he got into the saddle and tried to ride rough-shod over us, but in the early stages he certainly did not take the view which you suggest.

783.—*Q.* Then may I take it that at this time, the 8th October, 1924, you were a harmonious party including Treadgold ?—*A.* I will not say we were harmonious ; I should not like to say that. The atmosphere at the
10 Board Meetings, when Treadgold was present, was terrific.

784.—*Q.* Very well, we will leave it at that. The next is the Minute of 15th October—I do not think there is anything there for the moment. Perhaps there is one thing ; it says this : “ Resolved that interest is to be paid this year from the date of receipt of monies to date of allotment of Preference Shares.” I am still fogged as to where this interest is coming from ?—*A.* I suppose if it was not paid it would be credited. I think the Resolution means that they were entitled to interest.

785.—*Q.* Is that so ?—*A.* That is the way I should read this Minute.

786.—*Q.* Do you know whether any interest at all was paid or not ?
20 —*A.* Yes, General Mines Investment had some interest.

787.—*Q.* Was that from borrowed money ?—*A.* I cannot tell you.

788.—*Q.* But you were a Director during this time, in October, 1924, and you should know ?—*A.* I am not sure. Perhaps I should know, but it happens that that is 13 years ago and my memory is not absolutely perfect. It is not bad, but it is not perfect and I do not remember every detail that took place. I am not sure that the interest we were paid was paid during the period that I was a Director ; I am not at all sure that it was not paid before.

789.—*Q.* It may have been paid after ?—*A.* No—before.

790.—*Q.* The next thing, I see, is this : “that the Northern Light
30 Power and Coal Co. Ltd. and the Dawson City Utility Co. be deleted from particulars and circular letter and all other necessary amendments made.” What is that particulars of ?—*A.* I have not the remotest recollection.

791.—*Q.* Is that one of those documents that you had yesterday and handed me, which were the old numbers 148 and 149, which you said was never put out ?—*A.* Even to try and answer that question I should have to see the particulars and circular letter which were sent out. Is that before us ?

Mr. ST. JOHN FIELD : Those are of February and May, 1924. Number
40 148 is May, 1924.

Mr. FITZROY : Yes, but this is the 15th October Minutes.

792.—*Q.* Will you look at this ; this Exhibit 148. You will find those mentioned there. At the bottom there is a list, on the left-hand side. (Document, old Exhibit 148, handed). Does that in any way recall anything to your mind ?—*A.* No, I am afraid it does not.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 23.
Roland
Charles
Feilding,
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

793.—*Q.* You cannot say whether that was it or not ?—*A.* Whether what was what ?

794.—*Q.* Whether that was the circular letter from which they were going to delete these things ?—*A.* No, I cannot reply to that ; I have no recollection at all.

795.—*Q.* The next Minutes are of October 22nd ; I do not think there is anything there I want. The next is November 7th ; have you got that one ?—*A.* Yes.

796.—*Q.* The only thing I want there is at the end : “ In view of Mr. Treadgold's prospective journey to Canada Mr. Smallman was requested to submit draft Power of Attorney empowering Mr. Treadgold to sign on behalf of the Syndicate such documents as may be necessary in connection with the transference of control of operations in the Yukon to the Yukon Consolidated Gold Corporation Limited.” At this time Mr. Treadgold proposed going to Canada ?—*A.* Yes. 10

797.—*Q.* In order to complete or try and complete the arrangements for the Consolidation in which he and you had all been actively engaged ?—*A.* Yes.

798.—*Q.* And this was in order to give him power to deal on behalf of you, that is clear, is it not ?—*A.* Yes. 20

799.—*Q.* Tell me this for a moment before we leave that Minute : what does it mean by the “ transference of control of operations in the Yukon ” ?—*A.* Which one is that ?

800.—*Q.* In the Minutes of 7th November. Does that merely mean the transference if the securities or does it mean something more ?—*A.* No, it means simply the transference of the control of operations—the management of the dredges and so on.

801.—*Q.* You think it means more—the actual working of things ?—*A.* The actual mechanical work, the mining operations.

802.—*Q.* I see, that is what you say it is. The next one is the 12th November. There is a Power of Attorney there. This is the first Power of Attorney ?—*A.* That is the first Power of Attorney, yes. 30

803.—*Q.* Then it was apparently discussed, and you considered at that time at any rate, that it was satisfactory and it was sealed and signed ?—*A.* It was sealed and signed, but Mr. Smallman was instructed to hold the Power of Attorney until such time as the Directors may have signified their approval that the same be handed to Mr. Treadgold.

804.—*Q.* Why was that particular Resolution made, do you know ? What was there in it which caused you to do that ?—*A.* To do what ?

805.—*Q.* To direct that it should not be handed to Mr. Treadgold until the Directors had signified their approval ?—*A.* We had doubts. 40

806.—*Q.* He was going over to Canada, and he did go over afterwards, with power to do certain things ?—*A.* Yes.

807.—*Q.* I was just wondering why at that Meeting of Directors you postponed delivering the Power until the Directors signified their approval ?—*A.* I should say it was because we had doubts as to the use that might be made of this Power of Attorney, which was rather a full one.

808.—*Q.* You mean to say the powers were wider than you thought might be necessary.—*A.* That is obvious from what was done afterwards.

The COMMISSIONER: I do not want to be impatient, Mr. Fitzroy, but this witness explained that this Power of Attorney was not handed over and why it was afterwards superseded by another. I do not want to cut you down, but we have had all this.

Mr. FITZROY: I am afraid my notes are not very full as to what he said in chief.

809.—*Q.* Now we come to the 26th November. At that Meeting it was resolved "That Messrs. Chrysler & Higgerty be instructed to forward 16,000 Shares to Mr. Smallman who should hold these together with those at present in his keeping on behalf of the E.Y. Syndicate Ltd., and other interested parties." Now the other interested parties, I think we have agreed, were other people who put up money, and Mr. Treadgold himself. Is not that what you understand by the "other interested parties"?—*A.* Would you repeat that please?

810.—*Q.* Perhaps you had better tell me who you consider the other interested parties were?—*A.* Well everybody concerned in the Consolidation. Treadgold would naturally be included.

811.—*Q.* Yes—everybody who was in any way concerned with it. Then there was the question of appointing Cunynghame and Smallman as Trustees on behalf of various interests. That was discussed. I do not think I need anything further from that. The next one is the 3rd December. There I see we have: "Mr. Smallman reported that Mr. Govett had signed his agreement for the sale of his Burrell & Baird, Granville Mining Company and New North West Corporation Ltd. interests (other than Income Notes) and handed the same to Mr. Beatty, but that Mr. Beatty had not yet signed his and it was expected that he would hand over Mr. Govett's agreement together with his own some day next week." Do you know whether these were handed over at all?—*A.* I do not think they were. It is not evidence; I do not know; but I do not think so.

812.—*Q.* Now I come to the 9th December. "The Minutes of the previous Meeting were read and signed. Mr. Smallman read a letter from Mr. Govett addressed to himself and Major Cunynghame, dated December 8th, 1924." Have we got that letter?—*A.* Yes.

813.—*Q.* Has that been put in; have you got a copy of that now?—*A.* I have not got a copy.

814.—*Q.* Do you know where the letter is?—*A.* No.

815.—*Q.* Do you know anything about the contents of it beyond what is stated here?—*A.* No.

816.—*Q.* Do you remember anything that was in it or not?—*A.* No.

817.—*Q.* Nothing?—*A.* About the conversations of that date?

818.—*Q.* No—about the letter?—*A.* No, I remember nothing.

819.—*Q.* The next Meeting is the 17th December. The first thing in the 17th December Minutes is: "Mr. Smallman reported that Mr. Beatty has passed his Agreement on to his Solicitor, Mr. Broad, for

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

his perusal and approvement"; and after discussion it goes on that certain other things happened. At this time—this is on December 17th—what was the intention with regard to Mr. Beatty? What was the position exactly that you considered the E.Y. Syndicate were going to take with regard to Mr. Beatty?—*A.* Mr. Beatty's and Mr. Govett's interests were to go into the Consolidation.

820.—*Q.* Did you at that time expect them to eventually enter into contracts with the E.Y. Syndicate; is that what was in your mind?—*A.* Yes, that would certainly be the arrangement.

821.—*Q.* That was until the Cunynghame and Smallman arrangement took place?—*A.* Yes. He was in friendly consultation with us at that time and his interests were to form part of the Consolidation which was being conducted through the medium of the E.Y. Syndicate. I cannot say more than that. 10

822.—*Q.* I do not think you yourself had any personal dealings with Mr. Beatty?—*A.* No, I did not; I left it to Mr. Treadgold.

823.—*Q.* Whatever was done was done through Mr. Treadgold?—*A.* Everything was done through Mr. Treadgold.

824.—*Q.* Then I see there is a borrowing there of £15,000 from The Canadian Bank of Commerce or the New North West Corporation. What security was put up for that?—*A.* I cannot tell you. Mr. Morrell and Mr. Smallman were appointed a sub-committee. I believe—but I am talking from hearsay—that in that case they did mortgage either New North West Corporation assets or they may have mortgaged the interests we bought from the Goldfields; I cannot tell you; but in that case they certainly put up security—I am sure of that. 20

825.—*Q.* But you were one of the sub-committee, were not you?—*A.* No—Morrell and Smallman were the sub-committee; you will find it in the Minutes.

826.—*Q.* I am looking at the Minute, and it says that "Colonel R. C. Feilding and Messrs Morrell and Smallman be appointed a sub-committee of the Board"; you were on the sub-committee?—*A.* Well, as a matter of fact, I was appointed on the sub-committee, but I did not act. 30

827.—*Q.* You did not act?—*A.* No; I had nothing to do with it.

828.—*Q.* And the only way the documents would come to your notice would be at the Board Meeting, then?—*A.* Yes.

829.—*Q.* I think it is made clear by the Minutes of the next Meeting? *A.* At the next Meeting, yes.

830.—*Q.* The next one is the 30th December—well I see there are two of the 30th December. There was a Resolution: "That the Company do borrow from the New North West Corporation Ltd. the sum of £5,000 upon the security of Income Notes of that Corporation"?—*A.* Yes; it appears it was borrowed; part of that money evidently was borrowed from the New North West Corporation and from Burrell & Baird Ltd., because I see from the Minute here, there were two Extraordinary General Meetings. 40

831.—*Q.* I do not see anything here for the moment about Burrell & Baird Ltd., but the Company was to borrow from the New North West Corporation, £5,000 upon the security of Income Notes.

Mr. ST. JOHN FIELD: Above that, it is.

832. Mr. FITZROY: I am sorry—my mistake. Above that it says: “That the Company do borrow from the Canadian Bank of Commerce the sum of £14,500 upon the security of moneys in the hands of the Bank belonging to Burrell & Baird Limited”?—*A.* Yes, that is it.

833.—*Q.* The next is a Meeting of the 14th January, 1925—that is
 10 about a Promissory Note. The next one is the 4th February. There I see you have this: “A letter from Mr. Smallman, dated January 24th was placed before the Board, forwarding two Notices that had been received from Mr. Morrell’s Solicitors, the first being an undertaking on the part of A. N. C. Treadgold to procure for Mr. Morrell 12,502 Preferred Shares of 1 dollar each, and 94,000 Ordinary Shares of 1 dollar each, in the Yukon Consolidated Gold Corporation Ltd., and also a further promise of £500 in respect of Lease 1 to be repaid to Mr. Morrell in cash, also £150 (Bredenburg) to be paid at the option of the said Mark Morrell either in cash or Preferred Shares, also repayment of eight hundred and seventy three Pounds, found
 20 by him for registration of the New Canadian Company. Secondly an undertaking on the part of A. N. C. Treadgold to procure for C. McMahon Knocker, for services rendered,” certain Shares. Do you know where these Shares were coming from?—*A.* From the parcels referred to in the Agreements of February 11th and 19th, 1925.

834.—*Q.* Do you know why the Shares were to go to Morrell and Knocker?—*A.* Well, here is a case where claims from Mr. Morrell and Mr. Knocker and Mr. Bredenburg were brought before the E.Y. Syndicate for their adjudication.

835.—*Q.* Where do you find that?—*A.* Here, according to the Minute
 30 Mr. Smallman is referring for the consideration of the Board of the E.Y. Syndicate, the claims of these three gentlemen for Shares in consideration of moneys which they had put up, which they had given to Mr. Treadgold. I remember Mr. Morrell telling me at the time that he had paid for the costs of the registration of the Yukon Consolidated Company.

836.—*Q.* Yes; well what has that to do with the E.Y. Syndicate; that is what I am wondering for the moment?—*A.* I have been telling you all along that everything had to do with the E.Y. Syndicate. The E.Y. Syndicate was in control. Even such details as these were brought before the E.Y. Syndicate Directors.

837.—*Q.* Yes, but the E.Y. Syndicate does not do anything;
 40 Mr. Treadgold says he will do this. The E.Y. Syndicate does not declare that they were caused to be allotted; they say Mr. Treadgold has written and said that he will do this?—*A.* Again I say that these Minutes were prepared in Mr. Treadgold’s office, at least in Mr. Smallman’s office, which is practically the same thing, and I cannot be responsible for their wording.

*In the
 Supreme
 Court of
 Ontario.*

Defendant’s
 Evidence.

No. 23.

Roland

Charles

Feilding.

Cross-exa-
 mination on
 Commission
 by Mr.

Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

838.—*Q.* They are signed by Mr. Lawther, are they not?—*A.* Yes, but I am not Mr. Lawther.

839.—*Q.* I agree, but you were present at the Meeting?—*A.* I was present at the Meeting, yes.

840.—*Q.* Perhaps you do not remember anything about it?—*A.* I do remember this as a matter of fact.

841.—*Q.* Were these Shares which were on the same footing as your Shares—sort of co-adventurers, to put it in that way?—*A.* What is the question?

842.—*Q.* I say: were these Shares which would come into practically 10
the same category as your Shares?—*A.* When you say my Shares, do you mean the General Mines Investment Shares or my own?

843.—*Q.* Your own. The General Mines Investment did not get any, did they?—*A.* The General Mines Investment did not get anything.

844.—*Q.* That is why I say “your Shares”?—*A.* I think perhaps some of them are. I see that McMahon Knocker is for “services rendered” which suggests that he had been promised his Shares for the part he had played or the help he had given to Treadgold.

845.—*Q.* And as to the other Shares, the 94,000 Ordinary Shares, they seem to be pretty much the same in each case, in number. Would they, 20
do you think, be in the same category, in all probability?—*A.* I should think the 23,500 Preference and the 94,000 Ordinary Shares were actually for services rendered. I should say they were probably. There was also some cash being put up by Mr. Knocker as well, I should say.

846.—*Q.* But you cannot remember?—*A.* I cannot remember the details, no.

847.—*Q.* Then we come to the April 3rd Minutes, where it says: “it was resolved that Mr. Smallman be requested to report in writing by the 16th instant upon the position of the consolidation of the Companies concerned.” This was after the execution of the two Agreements by 30
which the properties or the securities, or whatever you choose to call them, had been transferred eventually, or some of them had been transferred, to the North Fork Company, and by the North Fork Company to the Yukon Company; and that was for a report in writing upon the position of the Consolidation, under those Agreements; that is what that was, was it not?—*A.* Yes.

848.—*Q.* And I think that was put in at a later date—Mr. Smallman did actually report in writing. Now you saw the Agreement of the 11th February, and also the one of the 19th, did you not?—*A.* I have seen them, but my recollection is that they were not put on the table at that 40
Meeting of which you have just read the Minutes.

849.—*Q.* I think you said, or at any rate you led one to infer, that you had seen them before they were executed. Is that so?—*A.* I certainly did not see them before they were executed.

850.—*Q.* What I want to put to you is this: that when the Power of Attorney giving Mr. Treadgold power to transfer the Securities which at that time had vested in the E.Y. Syndicate was executed, had you then

before you any draft of the proposed Agreement?—A. No, I do not think so.

851.—Q. Then am I to take it that your first acquaintance with the terms of that Agreement would be after his return from Canada; or would you have got a copy sent over in the meantime?—A. I do not think we had a copy sent to us. I do not know who drafted these Agreements.

852.—Q. I do not think, as a matter of fact, that they were drafted in England?—A. Anyhow, as far as we were concerned, or I should speak for myself—as far as I was concerned, I was content to be satisfied with the opinion of our Solicitor, Mr. Smallman, who, on April 16th, 1925, told us that these two Agreements had been executed, and that the whole business was in order. I took his word. I think I am right in saying that I accepted his word that that was so, without probing into the details. It has been said that he put in a written Report. I have seen the written Report since, and I am quite prepared to believe that he did, but I have no recollection of its being put on the table on April 16th when he reported. The Minutes say: “Mr. Smallman reported as to Agreement,” but it says nothing about writing, and my impression is that he did not put in a written Report.

853.—Q. Well, at that time were you yourself holding any Shares in the Company or not?—A. Yes.

854.—Q. Or had you parted with them?—A. No, I had not parted with them.

855.—Q. I see there was a question then about pooling arrangements—for a “pooling arrangement to be entered into whereby the money obtained by the sale of Shares should be paid in the first place to those persons who had actually found cash for the purpose of the Consolidation.” That was merely a question which came up for discussion. Now the 22nd April Minutes—there is nothing which interests me there; and the next one is on the 30th April. I see that on the 30th April they have arrived at this position: “It was reported that Mr. Chester Beatty had agreed to transfer his Burrell & Baird’s interests. A discussion of great length took place as into what name the Shares of the North Fork Power Company, Limited, held by Mr. Smallman, should be placed.” That was after the agreement had been entered into between the North Fork and Yukon, but before the Shares themselves had actually been passed out, was it not? I do not think the Shares had passed out until a much later date; the Shares which were handed over to the various people who had contributed towards a variety of things and made various contracts with the E.Y. Syndicate and with various other people.

The COMMISSIONER: Is there a question there?

Mr. FITZROY: No, there is no question there.

The COMMISSIONER: Let us confine ourselves to questions.

856. Mr. FITZROY: The next Minutes which I come to are of the 13th May, 1925; then the next is the 20th May—there is nothing there I want to ask you about except at the end of it. On the 20th May there

*In the
Supreme
Court of
Ontario.*

Defendant’s
Evidence.

No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

was this telegram which we were talking about yesterday which was despatched, and I think I asked you why the Board should send a telegram of this description when Beatty himself had only a right to nominate one Director in five. Why were the remainder of the Board dominated at that time by Beatty, who was not a Member of the Board at all? Do you know?—*A.* I do not think they were dominated by Beatty. They were friendly with Beatty, and Beatty was very largely interested in this Consolidation, and he is a very important person in the City, one of the most important people in the Mining world, and as I said yesterday, the Board did not draft that telegram. It quite clearly says that Mr. Lawther read a cable sent by Mr. Smallman to Mr. Treadgold. We had nothing to do with the wording of it. But I agree with it—it is very well worded, I think.

857.—*Q.* What I asked you was——?—*A.* You asked me why we were dominated by him; I say we were not.

858.—*Q.* What was the object of saying that Beatty was adamant and Beatty insists?—*A.* Because Beatty was very decided and very determined that Treadgold must resign from all his Directorships.

859.—*Q.* At the time this was written, what had Beatty contributed towards the Consolidation, do you know?—*A.* I believe at that time— May, 1925——

860.—*Q.* Beyond entering into agreements, what had he contributed?—*A.* He had put in his assets by that time.

861.—*Q.* He did not find any money, I take it?—*A.* No, but it was of vital importance to the Consolidation that Beatty should be got in.

862.—*Q.* He held a certain proportion, of course, of what I may call the prior rights?—*A.* Yes.

863.—*Q.* Had he at this time, that is on the 20th May, 1925, passed those in to the Consolidation, or had he not?—*A.* I cannot tell you.

864.—*Q.* You do not know?—*A.* I do not know.

865.—*Q.* Do you know whether he still holds any of the Securities which he had agreed to pass in?—*A.* No, I know nothing whatever about it.

866.—*Q.* The Next Meeting is the 7th July—that I dealt with yesterday. Then on the 10th September there was a draft programme. That is what was referred to as the “chaos,” was it not?—*A.* Yes.

867.—*Q.* It set forth a variety of complaints which you had and grievances which you considered you had at the time, and also I think it went so far as to suggest that the Canadian Company should be wound up?—*A.* That was suggested as a possibility.

868.—*Q.* Was anything done under it or not?—*A.* Nothing was done as far as I remember.

869.—*Q.* Nothing was done; it was merely an expression of opinion, and there the matter ended?—*A.* Yes.

870.—*Q.* Of course, the position which Mr. Treadgold held out on the Yukon had been perfectly regularly obtained from the point of view of

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the Company's work, had it not?—*A.* I should say decidedly that it was very irregularly obtained.

871.—*Q.* I know what you are referring to, but what I am asking you is this, that he had been duly appointed a Director?

872.—*Q.* By his own nominees.

873.—*Q.* By the other Directors of the Yukon?—*A.* His nominees.

874.—*Q.* Are you suggesting that the Directors of the Yukon were creatures of his?—*A.* Yes, certainly.

10 875.—*Q.* Are you suggesting that a man like Chrysler——?—*A.* I say they were all his nominees. They were described by the Judge in Toronto as a rubber-stamp Board.

876.—*Q.* That may be so—I do not mind what the Judge said. If a man who is a K.C. in Canada, a long standing, is a Director, are you suggesting that he was an individual who would so far forget all his duties, deliberately not do his duties as a Director, which he must have known, and simply did what he was told by Treadgold? Are you suggesting that?—*A.* I do not wish to answer that question.

877.—*Q.* That is what you are saying, if he was merely a nominee?—*A.* I repeat that.

20 878.—*Q.* That he would do anything that he was told?—*A.* I never said that. I do not think he would do anything he was told.

879.—*Q.* A man may be a nominee and yet may be perfectly independent, may not he?—*A.* He may.

880.—*Q.* Are you suggesting that a man like Chrysler would not act independently? Are you suggesting that a learned K.C., knowing what his duties are, would deliberately put aside his duties towards his Shareholders and do anything that he was asked to do unless he considered it was proper?—*A.* I heard the evidence, and my impression is that he knew very little about what was going on.

30 881.—*Q.* And there was another man who was a K.C., I think?—*A.* His son.

882.—*Q.* Yes, there was his son who was also a lawyer. Are you suggesting that he would do what he was told?—*A.* I suggest they were nominees of Treadgold—a rubber-stamp Board.

883.—*Q.* A nominee of Treadgold may be a perfectly independent man when he is nominated, but you are suggesting that it was simply a rubber-stamp Board. What have you to support that view?—*A.* All the evidence that I heard in Toronto on two occasions.

40 884.—*Q.* And have you nothing to tell me?—*A.* Nothing more than that.

885.—*Q.* You cannot have all the evidence that was given in Toronto?—*A.* The evidence is on record.

886.—*Q.* Yes, but it does not happen to be evidence in this case at all. Do you realise that?—*A.* Yes, I do realise that.

887.—*Q.* You are making a statement that these men were a rubber-stamp Board?—*A.* I am quoting the Judge.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

888.—*Q.* Now what about Mr. Larmonth?—*A.* I have never met him. He is dead now.

889.—*Q.* He also was a man who had taken silk?—*A.* I can give you no evidence about him.

890.—*Q.* But you are at the same time saying he was one of the “rubber stamps”?—*A.* He was, according to the Judge.

891.—*Q.* Never mind about the Judge; I am asking you; I do not want the Judge's dictum?—*A.* I am quoting the Judge.

892.—*Q.* I am asking you—not to quote the Judge. You are making the statement that these are a rubber-stamp Board? 10

Mr. ST. JOHN FIELD: He is perfectly entitled to quote the Judge.

Mr. FITZROY: I do not think you will find that in the evidence of this trial, as a matter of fact; if it was said, it was in some other trial.

The COMMISSIONER: Does that matter? The witness has said that the Judge called these people a rubber-stamp Board.

He is entitled to say that.

Mr. FITZROY: He said they were a rubber-stamp Board.

The WITNESS: No, I said the Judge called them a rubber-stamp Board.

893.—*Q.* Do you still yourself say that they were not an independent Board?—*A.* I should say they were entirely under the— 20

894.—*Q.* Domination?—*A.* Is that the right word to use? I was not going to use that word, but it might do—of Treadgold.

895.—*Q.* Now tell me this. When you saw these Agreements of the 11th and 19th February, 1925, did you make any objection to them?—*A.* I did not see them until a long time afterwards, and if I had, I should not have objected, because we were being guided by our Solicitor, Mr. Smallman, and if I employ a Solicitor, I go by what he advises, and I do not check his word—it is not my job.

896.—*Q.* That is very wise, but very few people do. Now nothing was done on your “chaotic” statement at all; it was merely a thing which was circulated—or was it circulated at all?—*A.* It was circulated amongst the Directors. 30

897.—*Q.* It did not go any further?—*A.* I think it went to Beatty; in fact I am not sure that he was not present at the Meeting when it was drafted. He may or may not have been.

898.—*Q.* Now I come to the Minutes of 17th September. That was a Meeting at which you were proposing to send someone out to Canada. “An account, for \$1,623.20, rendered by Lafleur, MacDougall & Barclay was placed before the Board.” What was that about, do you know?—*A.* Which one is that? 40

899.—*Q.* On the 17th September?—*A.* Well, Lafleur was the Ottawa or Toronto Solicitor for the Yukon Company. I know nothing about that.

900.—*Q.* Have you got the Account?—*A.* I have not got it, no.

901.—*Q.* It should be with the papers of the E.Y. Syndicate or should have been at one time. The next Meeting is the 25th September—I do not want anything there. The next Meeting is the 1st October, and there is nothing in that that I want to ask you about. On the 9th October there is a claim there referred to as a claim by Corbett. Then we come to the Minutes of the 30th October—nothing there. On the 18th November : “The position as to the North Fork Shares and the Northern Light Power and Coal Company Limited Prior Lien Bonds was discussed and Mr. Smallman was requested to write to Messrs. Chrysler & Chrysler with reference to the former and Messrs. McGiverin Hayden & Ebbe as to the latter and ask them respectively to inform Mr. Treadgold that they would forward the Shares and Bonds to London unless he took steps within four days to get an Order of the Court to restrain them from so doing.” Now the North Fork Shares had merely been deposited with you ?—*A.* They had not.

902.—*Q.* A certain number of them had been deposited with Mr. Smallman, and the others, which were in Chrysler’s safe, still remained there, I think ?—*A.* Yes.

903.—*Q.* Is that right ?—*A.* They were all to be held by Smallman, and as they were Bearer Shares, or so we had been informed, they were to be held by him as Trustee for the E.Y. Syndicate. The unissued Shares, as I have said before, were not to be issued ; but when we came to try and carry out these instructions—which, mind you, were given with Treadgold in the room, and he never contradicted them—when we came to get those instructions and arrangements carried out, we were met with the information that Treadgold had stopped or had put an embargo upon their removal from Ottawa.

904.—*Q.* But they were Bearer Shares, were they not, really ?—*A.* Apparently not. On June 8th, 1925, Treadgold wrote to Watson—it has been put in in evidence, I do not know whether at this trial—saying that he had heard that Watson had received from Smallman 43,995 Shares of the North Fork, with a request to register them in his name. He went on to say : “Please do not do so, at least until further notice from me. The Shares in question are not Mr. Smallman’s.” Again on October 9th, 1925, Treadgold cabled to Watson : “Keep all Fork Shares safe for me. No other course is safe. I think the wind appears to be changing in London back again towards myself.”

905.—*Q.* Now I put it to you that these Shares were put up in order to protect the interests of all the various parties. Now there were certain duties which the E.Y. Syndicate was to perform—certain properties it had to transfer. Had it carried out all its obligations. ?—*A.* Its obligations were carried out by the two agreements of February, 1925.

906.—*Q.* There were certain things which had to be delivered. Had they delivered in accordance with those agreements ?—*A.* It had delivered the Securities, but it had not delivered the Shares. As you know, General Mines Investment Limited could not get its Shares.

907.—*Q.* No—that is not what I asked you ?—*A.* I beg your pardon. What did you ask ?

*In the
Supreme
Court of
Ontario.*

Defendant’s
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

908.—*Q.* I asked you whether the E.Y. Syndicate had carried out their part ?—*A.* Certainly they did, in so far as transferring the Assets is concerned.

909.—*Q.* Do you ever remember if they brought to your notice a letter from Canada, from Mr. Watson, who was Secretary of the North Fork Power Company, of the 16th June, 1925 ?—*A.* What does it say ?

910.—*Q.* It says : “ Dear Sirs——”

Mr. ST. JOHN FIELD : One moment. To whom is this letter addressed ?

Mr. FITZROY : To Francis Cunynghame and Raleigh Smallman.

Mr. ST. JOHN FIELD : Where is the original ?

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Mr. FITZROY : It should be either with Cunynghame or Smallman.

Mr. ST. JOHN FIELD : Is it produced ? If not, I object.

911.—*Q.* This might never have come to your notice at all, and at any rate I have not the original. Just tell me this : did you ever receive any notice that you had not complied with your agreement and had not delivered all the Securities to the North Fork Power Company ?—*A.* I did not personally. I never saw one.

912.—*Q.* Do you know whether any notice at all was ever given ?—*A.* I have never heard of one.

913.—*Q.* Did you ever have anything whatever to do with preventing the Securities being delivered ?—*A.* I cannot help overhearing what Mr. Treadgold keeps saying. He is referring to a Resolution which was passed by the E.Y. Syndicate Board—I think we have had it out once or twice either yesterday or today already—when Smallman and Cunynghame were instructed by the Board not to part with any Securities. Do you remember ?

914.—*Q.* Yes ; and they were instructed not to part with any Securities, and Cunynghame gave the assurance that he would not part with them, but reserve to himself the right to give seven days notice ?—*A.* Yes, to give seven days notice.

915.—*Q.* That is so. Were those Securities which were to have been delivered to the North Fork Power Company ?—*A.* I should say no doubt they were.

916.—*Q.* Why were they not delivered ?—*A.* It is all part of the same old story, of lack of confidence, but what the exact incidents of the day were I cannot remember.

917.—*Q.* Now were you called upon by the North Fork Power Company to deliver them ?—*A.* No. That was released. If you have read these Minutes, you will see that Smallman and Cunynghame were released from that obligation, from those instructions, at a subsequent Meeting.

918.—*Q.* And was the Syndicate in a similar position ?—*A.* Which Syndicate ?

919.—*Q.* The E.Y. Syndicate ?—*A.* It was the E.Y. Syndicate who released Smallman and Cunynghame.

920.—*Q.* But the E.Y. Syndicate itself: did they deliver everything they should have done?—*A.* As far as I know, they delivered everything in the form of securities, but not in the form of Shares.

921.—*Q.* Did they deliver those Shares on the proper date?—*A.* I cannot answer that.

922.—*Q.* Can you tell me when they delivered the various Securities?—*A.* No, I cannot. I presume they were delivered—you know that Securities are not all delivered on the same date—probably they were delivered in dribbles after November 11th, 1925, but I cannot tell you about
10 the details of that.

923.—*Q.* Would you be surprised to hear that none of these Securities were delivered in 1925 at all?—*A.* I should be surprised at nothing.

924.—*Q.* But you were a Director of the E.Y. Syndicate?—*A.* Yes, until April 1st, 1927.

925.—*Q.* You say you would not be surprised at anything?—*A.* I would be surprised at nothing where Mr. Treadgold was concerned.

926.—*Q.* No—this is where you are concerned?—*A.* I did not have to transfer these things.

927.—*Q.* But the E.Y. Syndicate did?—*A.* It would be the duty of the Solicitor to see that that was done—Mr. Smallman.

20 928.—*Q.* But Mr. Smallman was always acting under your instructions?—*A.* I beg your pardon; I wish he had been.

929.—*Q.* What I am putting to you is that the E.Y. Board actually prevented Smallman from delivering these Securities?—*A.* For a short time Smallman and Cunynghame were instructed not to part with any Securities.

930.—*Q.* And you say you do not remember whether you received a request or not from Mr. Watson, the Secretary of the North Fork, asking the E.Y. Syndicate to deliver?—*A.* I have no recollection of any such request ever having been submitted to the Board of the E.Y. Syndicate.

30 931.—*Q.* When were Cunynghame and Smallman released from this embargo?—*A.* It is in the Minutes, at least I think it is in the Minutes.

932.—*Q.* Well, after the various Assets were transferred to the North Fork, I think there did not remain very much else for the E.Y. Syndicate to do, and eventually, in May, 1927, they decided that they would wind themselves up?—*A.* They decided to wind themselves up a little more than a month after the General Mines Investment brought its action.

40 933.—*Q.* Those were the Minutes. Now there is a letter which you have got here, of the 2nd July, 1924, which is exhibited; this is from Treadgold to the E.Y. Syndicate; it is in the old Exhibit "153 C"; it has already been put in. It says this: "Dear Sirs, As required by your letter of the 25th January, 1924, I am perfectly willing to satisfy the Syndicate Subscribers with respect to the Preferred and Ordinary Shares of Yukon Consolidated Gold Corporation Limited to be allotted to them and for that purpose there are reserved 94,000 Preferred and 470,000 Ordinary. These can be severally allocated as soon as the respective agreements with the several Subscribers are put through." Now there is

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.

Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

a statement by Treadgold in 1924 that he himself is perfectly willing to satisfy the Syndicate Subscribers with Preferred and Ordinary Shares on going to allotment. What did you do on that ?—*A.* I venture to say that that letter is just words and nothing else ; it means nothing.

934.—*Q.* What did you do when you received it ?—*A.* Asked for our Shares.

935.—*Q.* You were satisfied with that position, that he was in a position —*A.* No, I was not satisfied, and never have been satisfied with his letters.

936.—*Q.* Wait a moment ; never mind about that ; we do not want any venom put into it ?—*A.* It is not venom, it is fact. 10

937.—*Q.* But you were satisfied to accept this position : that the Shares or the remuneration for the Syndicate Subscribers was to come from Mr. Treadgold ?—*A.* But really the fact of him writing a letter of that kind does not mean that I am satisfied that what he says will happen.

938.—*Q.* No, no ?—*A.* You must not assume that.

939.—*Q.* But his position was such that the Syndicate was to be remunerated through him ?—*A.* Quite.

940.—*Q.* That is so, is it not ?—*A.* That is so.

941.—*Q.* That is all I want. Now I have here a letter of the 9th July, that is a letter to you personally. This is from Mr. Treadgold : “ In consideration of the £5,000 which the General Mines Investment Limited has paid to the E.Y. Syndicate Limited I will nominate the General Mines Investment Limited for 23,500 Preference Shares of \$1 each and 100,000 Ordinary Shares of \$1 each in the Yukon Consolidated Gold Corporation Limited (the Shares of both classes to be delivered to you or to your order by 31st August next and to be credited as fully paid). I am, Yours faithfully, A. N. C. Treadgold.” Why is that approved by the E.Y. Syndicate Limited ?—*A.* Because the E.Y. Syndicate Limited would have to be a party to it. As you know, the Agreement of August 20th, 1924— 20

942.—*Q.* Yes, but this is before that, though ?—*A.* I know, but the Agreement of August 20th, 1924, was based on that letter. 30

943.—*Q.* Were you the only Subscribers ; were the Mines the only Subscribers which dealt with the E.Y. Syndicate ?—*A.* Oh no.

944.—*Q.* Who else had any similar Agreements, do you know ?—*A.* I cannot say “ similar Agreements.” I do not know what Agreements they had. I think we were the last to come in, and so what happened before was before my day and I cannot give evidence on that.

945.—*Q.* But you never had brought to your notice as a Director of the E.Y. Syndicate that there were any contracts between other lenders and the E.Y. Syndicate ?—*A.* I do not remember any other definite contracts. I do not remember seeing any—not in my time. 40

946.—*Q.* Now there is a copy of a letter from Smallman to the Chairman of the E.Y. Syndicate dated the 20th May, 1925 ; “ Re North Fork Power Co. Ltd.” Do you remember that ?—*A.* A letter from whom ?

947.—*Q.* Mr. Raleigh Smallman to yourself. It says this : “ The Shares of the Company that have been issued with the exception of the

qualifying Shares of the Directors are held as to a portion by me here and a portion by Mr. Chrysler at Ottawa, these latter to my order. In accordance with your request, I am writing to inform you that I hold these Shares as Trustee to ensure that the Shares of the Yukon Consolidated Gold Corporation Ltd. given to the North Fork Power Co. Ltd. are distributed in accordance with the various agreements and arrangements and it would appear clear that my position is that if at any time it was ascertained that the Shares were not being distributed in accordance with the agreements, it would be my duty to take immediate steps to protect the interests of the subscribers to the E.Y. Syndicate Ltd., Messrs. Beatty & Govett and Mr. Treadgold and any people who subscribed for Shares, and it is really for all these people that I am Trustee. The Shares are duly endorsed and therefore equal to Bearer Shares. I trust this letter is sufficient for your requirement." That was Mr. Smallman's idea?—A. Yes.

10

948.—Q. And I do not think you seriously disagree with it, do you?—A. It is a pity he could not carry it out.

949.—Q. I do not see why he could not carry it out myself?—A. Because Treadgold telegraphed on October 9th, 1925, to Watson as follows: "Keep all Fork Shares safe for me."

20

950.—Q. You are satisfied that that was the position which Mr. Smallman took up?—A. I do not think it is badly expressed; I think it is rather well expressed.

951.—Q. Thank you; that is all I want from you."

RE-EXAMINATION by Mr. ST. JOHN FIELD.

(Mr. CALVIN *reading*):—

30 "952.—Q. I have just a few questions to ask you in re-examination. You were asked first of all about that first Board Meeting which you attended of the 27th June, 1924, at which you were appointed a Director, and immediately after your appointment as a Director, when you come towards the end of the Meeting, it is recorded that Mr. Treadgold produced a letter of some kind with respect to which he was informed that there was no intention on the part of the Syndicate to go back on that letter. Do you really remember now at this date what that letter was?—A. I cannot remember it from having seen it on that date, but I have seen it since, and it is difficult, as you can understand, to separate in one's mind what one remembers from the time when it happened and what one has heard since.

40 953.—Q. It was suggested to you in cross-examination that the Klondyke interests were in the hands of a Canadian Company; but is that quite accurate; what about the Granville?—A. Yes, I was going to say I am doubtful; I think Granville was an English Company.

954.—Q. Was the Granville an important Company or not?—A. The Granville had been a very important Company, but the Assets—

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 23.
Roland
Charles
Feilding.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

Re-exa-
mination on
Commission
by Mr. St.
John Field.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Re-exa-
mination on
Commission
by Mr. St.
John Field
—continued.

well, I cannot give evidence about the Assets, but it had been one of the most important of the Companies.

955.—*Q.* You referred to a letter of the 27th October, 1927, from Smallman to Sir Harold Moore. I see that in it it says: "It is true that Major Cunynghame and myself, acting as Trustees, agreed to cause to be transferred to the Yukon Consolidated Gold Corporation Ltd. through the North Fork Power Company Ltd. certain securities belonging to Mr. Chester Beatty and others in consideration of an allotment of Shares in the Yukon Consolidated Gold Corporation Ltd. The whole of the securities that were purchased by the E.Y. Syndicate Ltd. or by Major Cunynghame and myself as Trustees, were transferred or handed over some considerable time ago to the Yukon Consolidated Gold Corporation Limited through the North Fork Power Company Limited, these transfers were carried out by Mr. Treadgold under the Powers of Attorney executed by Major Cunynghame and myself and by the E.Y. Syndicate Limited, such Power of Attorney as was executed by the E.Y. Syndicate Limited being executed at a Board Meeting held at 87 Gresham Street E.C.2 on the 26th November, 1924"; and then in the next paragraph: "Although there is nothing in the Minutes as to the Power of Attorney, which was executed by Major Cunynghame and myself, I well remember that at the same time as the Power of Attorney to be given by the E.Y. Syndicate Ltd. was arranged, it was also arranged with the Directors of the E.Y. Syndicate Ltd. that Major Cunynghame and myself should give a more or less similar power." Do you remember that?—*A.* Yes.

956.—*Q.* Was that accurate—that the Cunynghame and Smallman Power of Attorney to Treadgold to transfer Assets to the North Fork Company was given by arrangement with the Directors of the E.Y. Syndicate?—*A.* Decidedly.

957.—*Q.* I observe he says that: "those interested in the E.Y. Syndicate and who found the finance for that Company have, with the exception of the General Mines Investment Ltd., had their Shares." Your Company never had their Shares?—*A.* We never had our Shares.

958.—*Q.* That is all I want to ask you about that letter. Now you were asked a good many questions about the seven-eights. You were asked as to whether you had got any letters from Treadgold referring to your putting up money. I must call your attention to the first letter, which I think you did put in, namely, a letter from Treadgold of the 13th July, 1923, which says that: "the £25,000 will be paid to the Goldfields, every bit of it." Then later in the letter it says: "The terms I can get for you are, of course, only for the friends invited into the £30,000 of the Syndicate and are for £2,000." Then in the same Exhibit there is a copy letter of the 23rd July, 1923, on the same subject, and another original letter of the 26th July also. I think you should just glance at them. All those deal with the terms upon which your Company were asked to come into the Consolidation, do they not? (*Documents handed*).—*A.* Yes. Of course, these terms were altered later.

959.—*Q.* Then you were asked about the letter to Stirling and about the seven-eighths. Will you take Document “R.C.F.3” (*Formerly Exhibit No. 147*) and will you look at the beginning of those printed particulars and see what it says (*Document handed*). “The main object of the Company”—that is the Yukon Consolidated Gold Corporation Limited—“is to consolidate the various interests in certain areas approximately seven-eighths of the Klondike Gold Field”?—*A.* Yes.

960.—*Q.* That is a document emanating from Treadgold?—*A.* That is a document emanating from Treadgold.

10 961.—*Q.* If you look at the fourth paragraph: “By means of the control which the Company has obtained, or has agreed to obtain, the Company will immediately bring what virtually amounts to seven-eighths of the whole Klondike Gold Field under one management for working”?—*A.* Yes.

962.—*Q.* That is seven-eighths again?—*A.* Yes.

20 963.—*Q.* Then will you take the document “R.C.F. 16,” which was formerly Exhibit No. 148. I see in that it says: “The Yukon Consolidated Gold Corporation Limited has been incorporated to acquire and has agreed to acquire a controlling interest in the following Companies operating in the Klondike Gold Field”; and then it sets out 11 Companies, and then it says: “The areas owned by the above Companies are situated in the productive valleys of” so and so. “They comprise about seven-eighths of the entire Field.” Is that what you always understood?—*A.* Certainly.

30 964.—*Q.* Then you were asked about the Securities. Attached to that is there a document in quarto size which sets out the Companies concerned and their various capitals. You were asked about the remaining one-eighth. I see it says in this one: “The remaining one-eighth of the Field is owned by the Yukon Gold Company Limited of New York, which Company, controlled by the Guggenheims, has made large profits continuously since 1907.” Have you heard whether the Guggenheims’ interest has been acquired or not?—*A.* Yes, I believe it was paid for, but I only know this by what I have learnt subsequently. It was paid for by Yukon Consolidated Gold Field money, and then claimed by Treadgold and sold back to the Company.

965.—*Q.* I see this document is headed: “The E.Y. Syndicate Limited,” but is this a document prepared by Treadgold?—*A.* May I have a look at that, please?

40 966.—*Q.* Yes? (*Document handed*).—*A.* Well, at this date I was helping him a good deal with these kind of things. I think this may be one which I took a good deal of hand in helping him to get out. I do not say definitely that it is, but I see I have an original letter from him dated the 11th January, 1924, which is marked “Private,” and says: “Dear Feilding, I think you have very greatly improved my long thing of a summary. I have a copy of it,” etc.

967.—*Q.* If you will turn to the little quarto thing again and turn over the page, do you see it sets out the five principal Companies and their capital and Securities?—*A.* Yes, quite.

*In the
Supreme
Court of
Ontario.*

Defendant’s
Evidence.

No. 23.
Roland
Charles
Feilding.
Re-exa-
mination on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 23.
Roland
Charles
Feilding.
Re-exa-
mination on
Commission
by Mr. St.
John Field
—continued.

968.—*Q.* And then below do you see a reference to seven-eighths?—
A. Yes: “The total area held by the above Companies, as already stated, represents about seven-eighths of the whole Klondike Field.”

969.—*Q.* Yes, thank you?—*A.* That is all my writing on it, in pencil.

970.—*Q.* Now it appears that Mr. Smallman has stated in writing that he held, I think it was, some 43,000 North Fork Shares. Do you know of your own knowledge whether he really had them or not?—*A.* No, I do not.

971.—*Q.* Then you were cross-examined about the parcels in the Agreement of the 11th February, 1925, and you were pointing out first of all that for parcel 3, which was generally known as the Gold Fields parcel, 10 that they got cash, and so all those Shares were available for some other purpose?—*A.* Yes.

972.—*Q.* Then you turned to parcel 4 (the Patton and Harrison parcel) and told us, as I think is quite right, that Patton got £15,000 cash?—*A.* That is right.

973.—*Q.* Do you remember how many Shares?—*A.* He was entitled to 15,000 Shares, too. £15,000 in Shares.

974.—*Q.* That would be 75,000 Shares, would it not?—*A.* That would be £30,000.

975.—*Q.* £15,000 in cash?—*A.* £15,000 in cash and £15,000 in Shares. 20

976.—*Q.* That would take about 75,000 Shares, would it not?—*A.* Yes—well, rather less than that, would it not?

977.—*Q.* Did not he in fact get 75,000, or do you not know?—
A. I do not know.

978.—*Q.* Will you take it from me it is a matter of record that Mr. Harrison, who you were reminded brought an action in Canada, got a Judgment for 6,667 Preferred and 156,333 Ordinary Shares?—*A.* Yes.

979.—*Q.* If you add his lot and Patton's lot together, that leaves an enormous balance, does it not?—*A.* Yes, an enormous balance.

980.—*Q.* On that parcel only?—*A.* On that parcel only. 30

981.—*Q.* Then you were asked about Beatty, and you said he brought in some very important interests. Those are the interests known as parcel 1, are they not?—*A.* Yes, known as parcel 1.

982.—*Q.* Then you were referred just now to a letter of the 2nd July, 1924, from Treadgold, addressed to the Syndicate, and saying that Mr. Treadgold was “perfectly willing to satisfy the Syndicate Subscribers with respect to the Preferred and Ordinary Shares of Yukon Consolidated Gold Corporation Ltd. to be allotted to them and for that purpose there are reserved 94,000 Preferred and 470,000 Ordinary.” Did Treadgold ever in fact perform that promise?—*A.* So far as we were concerned, no. 40

983.—*Q.* Then you were also referred to a letter of the 9th July addressed from Treadgold to you personally, in which Treadgold promised, in consideration of the £5,000 which the General Mines Investment Limited had paid to the E.Y. Syndicate, Limited, to nominate them for 23,500 Preference Shares and 100,000 Ordinary Shares; and did he ever perform that promise?—*A.* No, never.

984.—*Q.* That is all I ask, thank you.”

No. 24.

Evidence of Frederick William Corbett (on Commission).

FREDERICK WILLIAM CORBETT, Having been duly sworn,
was examined by Mr. ST. JOHN FIELD, as follows :

(Mr. CALVIN reading) :—

“ 1.—Q. Your full name is Frederick William Corbett?—A. Yes.

2.—Q. Will you give us your private address?—A. 14, Avenue
Crescent, Acton W.3.

3.—Q. You are the London Secretary of the Yukon Consolidated Gold
10 Corporation Limited?—A. Yes.

4.—Q. When did you first become associated with that Company?

5.—Q. In January or February, 1927.

6.—Q. What were you before that?—A. I am an engineer by profession,
and have been doing various work over the world.

7.—Q. At the time when you came to the Yukon Consolidated Gold
Corporation, did you know Mr. Treadgold?—A. Yes.

8.—Q. How long had you known him?—A. Some years.

9.—Q. How did you come to go there?—A. I was seeing Mr. Treadgold
at intervals with regard to a claim I had against the Northern Light Power
20 & Coal Company. The Yukon Consolidated being interested in the Prior
Lien Bonds of that Company, I was seeing Mr. Treadgold with reference
to a settlement of my claim. I saw him on several occasions in 1926. Early
in 1927, Mr. Treadgold was anxious to go to Ottawa for a short trip, and
we had a talk, and eventually I stayed behind to look after the office in
8, Queen Street, while he went to Ottawa.

10.—Q. Was that at his request?—A. No, I would not like to say
that. It might be putting too fine a point on it; I think it was a mutual
agreement.

11.—Q. Anyway, he was to go to Canada and you were to—
30 A. To look after the interests at 8, Queen Street, while he was away.

12.—Q. The offices at that time were at 8, Queen Street?—A. Yes.

13.—Q. When you went into the office, what was your position.
What were you called?—A. When I was there for the first six weeks, I
do not know that I had any position at all. I was, if one might put it in
the vernacular, holding the fort while Mr. Treadgold went and saw about
some business in Ottawa.

14.—Q. At that time I think Major Cunnyngame was there, was he
not?—A. Major Cunnyngame I think (it is a long time ago now) had left
the office two or three days before M. Treadgold went. He had taken a
40 fresh office somewhere else.

15.—Q. Was there anybody else there?—A. There was a Mr. Corrigan
there, who was, at that time, the London Secretary, or the Secretary of the
London Advisory Committee of the New North West; but I was never

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
Field.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

quite clear whether he was an employee of the Company, of Mr. Treadgold or of Major Cunynghame.

16.—*Q.* You told us that this office of the Yukon Consolidated was at 8, Queen Street; were there any other Companies there?—*A.* Yes, the New North West Corporation's name was up, and the Granville Mining Company, I think, and I think that Burrell & Baird's name was up.

17.—*Q.* Were the books of any of those Companies in the office?—

A. There were certain books of the New North West—registers of the New North West—there. There were some books, part of the Registers I think—I would not be prepared to swear that the whole of the Registers of the Granville Mining Company were there. There were various other bundles and heaps of correspondence and papers and that which I did not go through, and I do not know what they referred to. 10

18.—*Q.* Was the name of the Yukon up too?—*A.* Oh yes.

19.—*Q.* Did Mr. Treadgold use the office too?—*A.* Oh yes, Mr. Treadgold was President of the New North-West and the Yukon Consolidated.

20.—*Q.* How many rooms were there in the office?—*A.* Two.

21.—*Q.* Did you use one end and Mr. Treadgold the other, or did he use the same room as you, or what?—*A.* Mr. Treadgold and I used the same room. 20

22.—*Q.* But was Mr. Treadgold's name up anywhere?—*A.* No.

23.—*Q.* In whose name was the office: who rented the office?—*A.* Before I got there, I do not know.

24.—*Q.* While you were there?—*A.* While I was there the office was rented by the Yukon Consolidated Gold Corporation.

25.—*Q.* Was Mr. Smallman's office in the same building?—*A.* In the same building.

26.—*Q.* On the same floor or not?—*A.* No, on a lower floor, one floor down. The Yukon Consolidated was on the third floor, and Mr. Smallman's office on the second. 30

27.—*Q.* What was your work principally?—*A.* During my first period there (that refers, of course, to while Mr. Treadgold went to Ottawa and back) I was answering questions about the proposed Consolidation of various Companies, including those I have already mentioned and some others, into the Yukon Consolidated Gold Corporation. Certain circulars had been issued in the Autumn and the latter part of the year 1926, and there were a fair number of queries coming in about them and enquiries; there were also some securities being deposited—securities in connection with the North West Corporation and the Granville Mining Company, for exchange into Shares of the Yukon Consolidated. 40

28.—*Q.* Did you keep a record of that?—*A.* Yes.

29.—*Q.* What did you call it?—*A.* I do not know that I ever called it anything particular, but in my own mind, I always referred to it as the Exchange Book.

29.—*Q.* At the time when you started there, was there any Share Register?—*A.* Oh no.

- 30.—*Q.* Still the securities were coming in and had to be exchanged ?
—*A.* Yes.
- 31.—*Q.* And you kept a record ?—*A.* Yes.
- 32.—*Q.* You mentioned a few moments ago, some circulars that were being sent out. There is a bundle of them here that I should like you to produce and identify. (Handed.) The first I think is a printed circular marked, "Private," is it not, dated the 16th July, 1926.—*A.* Yes.
- 33.—*Q.* And it starts, "The Yukon Consolidated Gold Corporation Limited, of which particulars are enclosed herewith" ?—*A.* Yes.
- 10 34.—*Q.* Is that one of the circulars that were sent out ?—*A.* That had been sent out; you observe this is dated before I took up my position.
- 35.—*Q.* Yes. Did you find copies of that circular in the office ?—*A.* Yes.
- 36.—*Q.* It mentions various people, and it mentions in particular, does it not, Mr. Martyn and Mr. Trask as the Securities Committee ?—*A.* Yes.
- 37.—*Q.* Mr. Martyn was a partner in the firm of Martyn & Ganes ?
—*A.* Yes.
- 38.—*Q.* They are Solicitors ?—*A.* Yes, they are Solicitors.
- 20 39.—*Q.* What was Mr. Trask ?—*A.* Mr. Trask at that time I believe was an officer of the Federation of British Industries.
- 40.—*Q.* Had they had some connection with the Granville ?—*A.* Yes ; they were, I believe, the sole remaining Directors ; anyhow, they were Directors, I am not quite clear about the "sole."
- 41.—*Q.* Were there some other documents that went with that circular ?
—*A.* I do not know that there were with this ; I do not see any mention of other ones.
- 42.—*Q.* Was not there some application for Shares with it—I do not know ?—*A.* I do not think it was this one. On the face of it, it does not refer to any other circulars.
- 30 43.—*Q.* The next is a circular letter addressed to the Shareholders of the New North West ?—*A.* Excuse me one moment ; I do not want to make a mistake about this. (After referring): I am not sure whether this went with it or not.
- 44.—*Q.* What is the next one ?—*A.* There is an application form here, addressed to, "The Secretary, London Advisory Committee, of the New North-West Corporation Limited: I, as holder of..... Ordinary Shares of the New North-West Corporation Ltd. accept the offer contained in your letter of the 18th August, 1926"—the one I was just looking at was July.
- 40 45.—*Q.* And the 18th August is the next document, is it not ?—*A.* Yes.
- 46.—*Q.* Then I suppose that application form went out with that ?
—*A.* The circular on the 18th August says: "I enclose for your private information, a copy of the particulars of the Yukon Consolidated Gold Corporation Limited."
- 47.—*Q.* The next thing you have in your bundle, is an application for shares ?—*A.* Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

48.—*Q.* Which you have just identified ?—*A.* Yes, to be completed by holders of New North West Ordinary Shares, “ I hereby apply for——”

Mr. FITZROY : Are these things which were found in the office, or which he identifies as being sent to some individual, because it is before his time, he is talking about. He cannot give evidence except to say that he found those things in his office.

The COMMISSIONER : He said of the first one, the Circular marked “ Private ” that he found copies in the office.

49. Mr. ST. JOHN FIELD : I do not know why my learned friend is interrupting ; we want to know what the document is first. The next 10 thing is——*A.* Is an application of holders of New North West Ordinary Shares applying for a blank number of Cumulative Convertible 8 per cent. Preferred Shares of \$1 each in the Yukon Consolidated.

50.—*Q.* The next document, I think, is called “ Particulars of the Yukon Consolidated ” ?—*A.* It is in the form of a Prospectus, the usual form of a Prospectus, and is marked, “ For your private information only.” It is headed : “ Particulars of the Yukon Consolidated Gold Corporation Limited.”

51.—*Q.* How does it start ?—*A.* “ Incorporated under the Companies Act of the Dominion of Canada. Capital \$6,000,000, divided into 500,000 20 Cumulative Convertible 8 per cent. Preferred Shares of \$1 each, and 5,500,000 Ordinary Shares of \$1 each.” Then follows the Board in Canada ; do you want me to read that ? “ F. H. Chrysler, K.C.”

52.—*Q.* I do not think you need read that ?—*A.* Then : “ Secretary, J. B. Watson, Head Office, 41, Central Chambers, Ottawa, Local Office, Dawson (Yukon Territory) Advisory Committee in London.”

53.—*Q.* Who are they ?—*A.* “ R. A. Lawther, M. Morrell, R. S. Smallman, J. A. Dunn, Office of the Advisory Committee and Transfer Office, 8, Queen Street, E.C. Secretary of the Committee and London Agent, F. De M. Cunynghame. Auditors : Moore, Stephens, Fitcher, 30 Head & Company, 4, London Wall Avenue, London, E.C. England.”

54.—*Q.* I think that sufficiently identifies that document.—*A.* Yes.

55.—*Q.* Is that another of the documents you found in the office ?
—*A.* Yes.

56.—*Q.* Then you get a document dated the 18th August.—*A.* There is another one before that. There is an allotment letter from the London Advisory Committee, 8, Queen Street, London, E.C. 4. “ This is to certify that in response to your application, there have been allocated to you..... eight per cent. Cumulative Preferred Shares.”

57.—*Q.* That would be the form of allotment that would ensue on the 40 application ?—*A.* Yes.

58.—*Q.* Then we get the letter of the 18th August, do we not ?—*A.* Yes.

59.—*Q.* That is addressed to : “ Dear Sir or Madam ” ?—*A.* It is. It is headed : “ 8, Queen Street, London, E.C. 4, 18th August, 1926. Dear Sir or Madam, Re the Yukon Consolidated Gold Corporation Limited.”

60.—*Q.* It states, does it not, “ I enclose for your private information a copy of the Particulars ” ?—*A.* “ Particulars of the Yukon Consolidated Gold Corporation Limited.”

61.—*Q.* And you told us that at that time various securities were coming in, more particularly New North West Shares ?—*A.* Yes, there were a certain number of New North West Securities, and Granville Securities in the office that had come in for exchange before I took up my duties there.

62.—*Q.* And they continued to come in afterwards ?—*A.* Oh, yes.

10 63.—*Q.* What is the next document you have in that bundle ?—*A.* A document headed, “ The New North West Corporation Limited. London Advisory Committee, 8, Queen Street, London, E.C. 3rd September, 1926. Dear Sir or Madam, Re The Yukon Consolidated Gold Corporation Limited. Many of the Shareholders have informed us that, on account of absence on holiday or for other good reason, they have not had time to consider fully the exchange of Shares set out in our Circular of August 18th; and they have asked us to procure an extension of time for the exercise of their right to exchange their New North West Shares into Yukon Consolidated Shares.”

20 64.—*Q.* Is there any date on that document ?—*A.* 3rd September, 1926. There is some more; is it necessary to read it ?

65.—*Q.* No, that is sufficient, I think, to identify the document. Then I think there are some other circulars that I shall have to come back to a little later on in that bundle, are there not ?—*A.* There are some more.

66.—*Q.* We shall have to come back to them. You might perhaps give me the dates of them ?—*A.* There is a Circular dated : “ 8, Queen Street, London, E.C.4, 6th September, 1926.” Addressed to, “ W. E. Martyn, Esq., and W. Trask, Esq., Directors of the Granville Mining Company Limited.”

30 67.—*Q.* That will do for that ?—*A.* It is signed, “ W. J. Corrigan, Secretary.” The next one is, “ 8, Queen Street, London, E.C. 17th September, 1926. Private and Confidential. Dear Sir or Madam, Re the New North West Corporation Limited and the Yukon Consolidated Gold Corporation Limited,” stating, “ This will acknowledge the list of securities sent in response to the circular of 16 July last ” and that is signed, “ Yours faithfully, W. Trask, W. E. Martyn, The Securities Committee.”

40 68.—*Q.* What is the next one ?—*A.* That is 8, Queen Street, London, E.C. 4, 23 September, 1926, Private and Confidential. Dear Sir or Madam, As a holder of 6 per cent. Debentures of the Granville Mining Company Limited, you will recall that in 1917 the Receiver was put in for that Company and that at once thereafter a Receiver was put in for the North West Corporation Limited.” That is signed, “ W. Trask, W. E. Martyn. The Securities Committee.” The next one is : “ 8, Queen Street, London, E.C., 22 December, 1926. To the former Shareholders in the Klondike Mines Railway Company. Dear Sir or Madam, The Yukon Consolidated Gold Corporation Limited. You recently received particulars of the operations and prospects of the above Company in the Klondike.”

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.

Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

69.—*Q.* That will identify that ?—*A.* It is signed, "W. E. Martyn, W. Trask." The next one is another application form. It is headed: "Form of application to exchange New North West Corporation Common Shares into Shares of the Yukon Consolidated Gold Corporation Limited, on condition of subscribing for Preferred Shares of the Yukon Consolidated Gold Corporation Limited." It is addressed to, "W. E. Martyn, Esq., and W. Trask, Esq., The Securities Committee, 8, Queen Street, London, E.C.4," and it goes on: "I, as holder of.....Common Shares of the New North West Corporation Limited." "I hereby apply for.....Cumulative Convertible 8 per cent. Preferred Shares of \$1 each in the Yukon Consolidated Gold Corporation Limited." 10

70.—*Q.* That will identify that.—*A.* And there is a space at the bottom for the full name and address. The next one is, "8, Queen Street, London, E.C. 4. 31 December, 1926. To the holders of the Granville Mining Company's 6 per cent. first Mortgage Debentures. Dear Sir or Madam, The Yukon Consolidated Gold Corporation Limited. You recently received particulars of the operations and prospects of the above Company in the Klondike."

71.—*Q.* That will do I think.—*A.* It goes on in a further paragraph to offer, "You are accordingly offered, instead of the agreed terms of exchange, the right to subscribe for a portion of the 500,000 Cumulative Convertible 8 per cent. Preferred Shares of \$1 each (carrying a special bonus as set out below." It is signed, "W. E. Martyn, W. Trask. The Securities Committee." The next one is a form of application headed, "Form of application to exchange the Granville Mining Company's 6 per cent. First Mortgage Debentures into Ordinary Shares of the Yukon Consolidated Gold Corporation Limited." That application, of course, went with the last named circular. The next one is a letter from 8, Queen Street, London, E.C.4. (printed, of course) dated the 2nd May, 1927. 20

72.—*Q.* That is after you got there ?—*A.* Yes. "Dear Sir or Madam, Delivery of Yukon Shares. We are now ready to deliver the shares of the Yukon Consolidated Gold Corporation Limited. If you will kindly send us your allocation letter (No.....) to the above address, we will send you the Preferred Shares." That is signed, "W. E. Martyn and W. Trask." 30

73.—*Q.* What is the next one ?—*A.* The next one is another letter, "8, Queen Street, London, E.C.4., 4 May, 1927. Dear Sir, The Yukon Consolidated Gold Corporation Limited. We are now prepared to deliver the Shares of the Yukon Consolidated Gold Corporation Limited as agreed, in exchange for the Granville Mining Company's 6 per cent. First Mortgage Debentures. Your holding of £..... entitles you to..... Ordinary Shares of the Yukon Consolidated." That is signed "W. E. Martyn, W. Trask." 40

74.—*Q.* Is that the lot ?—*A.* There is a letter here signed by myself, headed: "Private and Confidential, 8, Queen Street, London, E.C. 4, 7 May, 1927. Dear Sir or Madam, The Yukon Consolidated Gold Corporation Limited (incorporated under the Companies Act of the Dominion of Canada). The circulars of August 18th and September 3rd 1926 showed

the position of the outstanding securities of the New North West Corporation Limited. The outstanding securities are," then it goes on. It is signed by myself, "By order of the Boards of the New North West Corporation Limited, and the Yukon Consolidated Gold Corporation Limited."

75.—Q. What do you sign as: Secretary, or what?—A. No, "By Order of the Boards." The next one is a slip signed "J. B. Watson, Secretary, Ottawa, 20th April, 1927." It is just a printed slip "For the information of Shareholders who may not have ready access to the filed statements of accounts of the New North West Corporation Limited, a resume is here given. The accounts audited in 1925 show as follows." Then it states the credit balance for the years 1922, 1923, 1924, 1925 and states: "The accounts for 1926, which have reached Ottawa and are being audited, are expected to show a credit balance of \$70,000 (approx.)." The next one is a letter marked "Strictly private, 8, Queen Street, London, E.C.4, 7 May, 1927. Dear Sir or Madam, We enclose a circular sent to the holders of Common Shares in the New North West Corporation, by which you will see they will now have the opportunity of exchanging their New North West Corporation Common Shares for the Yukon Consolidated Gold Corporation Limited Ordinary Shares, at the rate of 10 North West Common Shares for one (1) Yukon Consolidated Gold Corporation Ordinary Share (credited as fully paid)."

76.—Q. Is that signed?—A. It is signed, W. E. Martyn and W. Trask. This is a circular which gave to certain holders, a better proportion of shares than offered in the previous circular. That is, in the previous circulars, the Ordinary Shareholders of the New North West Corporation were offered one Yukon Consolidated Fully Paid Ordinary Share for each 10 Shares of the New North West Corporation. This Circular which was only sent to certain holders, offers them one Yukon Consolidated Ordinary Share for every four Shares of the New North West Corporation. The next one is a letter from 8, Queen Street, London, E.C.4. 2 March, 1928. "Dear Sir or Madam, The Granville Mining Company Limited. The 'Scheme' (enclosed) leading to the liquidation of the Granville Mining Company, is merely the plan of exchange under which a large majority of the holders of Granville Securities have exchanged their holdings in the Granville Company for Shares in the Yukon Consolidated Gold Corporation Limited," and it is signed, "W. Trask and W. E. Martyn, Directors of the Granville Mining Company Limited." The next one is headed: "The Granville Mining Company Limited"; it is printed copy, dated the 29th February, 1928, of the scheme of arrangement under Section 120, between the Company, the holders of 7 per cent. Prior Lien Debenture Stock, the holders of 6 per cent. First Mortgage Debenture Stock, the unsecured creditors, and the shareholders of the Company. It is headed after that, "The Scheme" and goes on to state the terms that were being put before the Court. The next one is 8, Queen Street, London, E.C.4, and is a circular dated the 8th May, 1929. "Dear Sir or Madam, The New North West Corporation Ltd. You have not yet converted your Common Shares of the New North West Corporation Ltd. into Ordinary Shares

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

of the Yukon Consolidated Gold Corporation Ltd. You should do this at once." Then it goes on, and is signed, "W. E. Martyn, W. Trask. The Securities Committee, A.N.C. Treadgold, President of the New North West Corporation Limited." The next and last one in this bundle is headed, "Yukon Consolidated Gold Corporation. Ottawa. 16th July, 1929. Dear Sir or Madam, We have pleasure in announcing to you that the securities and shares of certain Klondike Companies required to be delivered to your Corporation under the agreements of February 1925, have now been delivered to us," etc. "By order of the Board, J. B. Watson, Secretary." 10

77.—*Q.* Is that dated?—*A.* You will notice it is headed, "Yukon Consolidated Gold Corporation," which is not the full title.

78.—*Q.* As a matter of fact, all those are already tied up into one bundle?—*A.* Yes.

79.—*Q.* And marked with an Exhibit No.?—*A.* They were exhibited at the Commission here in London, and they have been exhibited in two at least, actions in Canada. It was Exhibit 103 in the last one.

(Bundle of Circulars marked "F.W.C. 1.)

EXHIBIT No. 96: Filed by Mr. Robertson: Bundle of Printed Circulars—July 16, 1926 to July 16, 1929, marked F.W.C. 1. 20

80.—*Q.* You told us that when you started work in the London Office of the Yukon Consolidated, there were a number of securities already there. At that date, as far as you know, had any Yukon Consolidated Gold Corporation Shares been issued?—*A.* If you mean in exchange for those securities, no.

81.—*Q.* Yes, that is what I mean, in exchange for them?—*A.* None. I may be making a mistake. Let me make it quite clear: no shares on the London Register of the Yukon Consolidated Gold Corporation had been issued at that time in exchange for any securities which had come in for exchange. 30

82.—*Q.* That is what I want. I think one or two of the circulars you have just read indicated that about May you did start to issue Shares?—*A.* Yes, early in May; I think the first Certificate was in fact dated the 1st May. It was in May, anyhow.

83.—*Q.* About this time—I do not know whether it was just before Mr. Treadgold went to Ottawa or after he came back, but somewhere about that time, did you hear about the Beatty and Govett deals?—*A.* About that time. I think it would be after Mr. Treadgold came back from Ottawa.

84.—*Q.* Did you know the general outline of what the arrangement was?—*A.* The general outline was that they were to come in for a payment in Yukon Consolidated Ordinary Shares, with all their securities of the Companies which would be in the Consolidation. There was an exception to that in the case of one or two groups of securities which they were withholding from the agreement. 40

85.—*Q.* As a matter of fact, of course, we know that their parcels had been included in the contracts of the 11th February, 1925?—*A.* Yes.

86.—*Q.* Did you know about that at the time?—*A.* I would not like to swear I knew of the deal or the contents of those contracts at the time, but I knew in general at that time that there was an arrangement with Messrs. Govett on their own behalf and on behalf of their clients and allied Companies; and similarly with Mr. Beatty. I also knew, of course, that the Goldfields American Development Securities had been obtained years before. I knew of that all along, of course.

10 87.—*Q.* There were certain ratios of exchange, were there not, for the different securities according to what was considered to be their value?—*A.* Oh yes.

88.—*Q.* Did you make out a Memorandum showing what the rates of exchange were at that time?—*A.* Yes.

89.—*Q.* Is this the document? (*Handed*).—*A.* Yes. I made out the different rates of exchange with the exception of the New North West Corporation's Common Shares; I could not put them on the list, because there were various rates according to their group of holding. You will see Income Notes and Preferred Shares of the New North West Corporation,
20 what they got, and then, underneath that is the Granville Mining Company Limited, and what the Receivers of those obtained, then there is what the Prior Liens, First Mortgage Debentures (that is the 6 per cent.) and the Income Notes, were to receive.

90.—*Q.* Has that got a date on it?—*A.* No.

91.—*Q.* From what sources did you obtain the knowledge as to what the ratios were?—*A.* From the circulars which had been issued, from the instructions I received from Mr. Treadgold and the rates which were offered for the Granville Company, at that time told me by Mr. Treadgold. The scheme was not embodied then, of course.

30 (*Statement showing Ratios of Exchange, marked "F.W.C.2."*)

EXHIBIT No. 97: Filed by Mr. Robertson: Statement of Basis of Exchange, marked F.W.C.2.

92.—*Q.* Did Mr. Treadgold also tell you how many Yukon Shares were to be issued?—*A.* How many Shares were to be issued?

93.—*Q.* Yes.—*A.* There was nothing in writing, but there was a general instruction that the London Register of fresh issue Shares was not to exceed 1 million.

94.—*Q.* Did you receive any information as to whether there was to be any limit to the issue of Yukon Consolidated Shares?—*A.* Yes; the
40 general idea in conversations and discussing things, as Mr. Treadgold and I did, was that the whole issue of Shares for the whole Consolidation was not to exceed 3½ million.

95.—*Q.* Was that considered to be sufficient?—*A.* Presumably. I had nothing to do with the general conduct of the Company.

96.—*Q.* You tell me you began to issue the Yukon Certificates about May, 1927?—*A.* Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—*continued.*

97.—*Q.* Did securities continue to come in?—*A.* Oh yes, they came in in fair amounts up to the end of 1928.

98.—*Q.* What did you do with them?—*A.* When they were in order, and the transfers to the Yukon Consolidated were in proper order, I issued Shares on the London Register in accordance with the rates of exchange.

99.—*Q.* You issued securities against them. What did you do with the securities that came in; did you keep them or what did you do with them?—*A.* They were kept in the office for some time, till Mr. Treadgold went to Ottawa in 1928 (I think it was) then he took the bulk of those that were in, with him. 10

100.—*Q.* Did you keep a record of them as they came in?—*A.* Surely.
101.—*Q.* When Mr. Treadgold came back from Ottawa, did he produce to you any document from the Canadian Board?—*A.* Either in the Yukon Consolidated office or in Mr. Smallman's office, a copy of a Minute was shown; so far as I remember, it was giving Mr. Treadgold power to appoint the necessary offices and officers in London and the Transfer Committee.

102.—*Q.* Was there a Transfer Committee?—*A.* Yes, under that Mr. Smallman and myself acted as the Transfer Committee.

103.—*Q.* Did you and Smallman in fact act as the Transfer Committee?—*A.* Yes, we did in fact act. 20

104.—*Q.* Were some Share Certificates printed?—*A.* Yes, certificates were printed.

105.—*Q.* You said you were shown a copy Minute; who showed it to you, do you know?—*A.* Mr. Treadgold.

106.—*Q.* There are two forms of Certificate here; there is, first of all, a form of Certificate in respect of Ordinary Shares with, at the top, "London Register, Interim Certificate"?—*A.* Yes.

107.—*Q.* Is that the form on which you and Smallman issued Shares?—*A.* Yes. That would be the second printing. The First Certificates printed had not this "Interim Certificate" on. This Preferred Certificate is one of the first printing. 30

108.—*Q.* In that case, has it got a rubber stamp on it?—*A.* Not on this one. This was taken out for the purpose of a specimen; and in my writing, there is written up there in pencil, "Interim Certificate"; but those which were issued before that, when issued, were stamped with a rubber stamp, "Interim Certificate." When it became necessary to print more circulars that was printed in.

109.—*Q.* So the Preferred form is probably one of the first set printed?—*A.* Yes, it is No. 268; that would be in the second book; they were in books of 250. The other is No. 2001, so that would be in the ninth book. 40

110.—*Q.* There is another document attached to those two Certificates, what is that?—*A.* That is a copy of the Seal used in the London office for the purpose of sealing these Certificates after they were passed for transfer by the London Committee.

111.—*Q.* When you say "a copy," it is an impression, is it not?—*A.* Yes, it is an impression of the Seal.

112.—*Q.* Were those the forms of document and the form of Seal which, subject to the fact that there is a slight difference in the printing, were used for issuing proposed Shares of the Yukon Consolidated Gold Corporation in London?—*A.* That is so.

(2 Certificates and Impression of Seal, marked "F.W.C.3.")

EXHIBIT No. 98: Filed by Mr. Robertson: Specimens of ordinary and preferred certificates, marked F.W.C.3.

113.—*Q.* As these securities came in, in order to be in order, did they need a transfer?—*A.* Yes, we got the holders of all the old securities in the New North West and the Granville, to sign the ordinary English form of transfer.

114.—*Q.* Besides New North West and Granville, were there any other securities coming in?—*A.* There were two small lots, a lot of the Calder Mining Company, and a lot of the Dominion, I think it was.

115.—*Q.* Is this a specimen transfer of, I think in this particular case, Granville Mining Company Limited Debenture Stock?—*A.* Yes, that is an ordinary English transfer for £100 First Charge Debenture Stock of the Granville Mining Company for George Gwinnett Clarke, to the Yukon Consolidated Gold Corporation, signed by George G. Clarke; and attached to that, is Certificate No. A. 558, which certifies that George Gwinnett Clarke, C/o The Capital and Counties Bank, Westminster, is the proprietor of £100 of the above mentioned Debenture Stock, and the Certificate is dated 1913; it is signed in the usual way, and sealed.

(Transfer and Certificate, marked "F.W.C.4.")

EXHIBIT No. 99: Filed by Mr. Robertson: Certificate (stock) A558 of £100 Granville debenture stock in name of G. G. Clarke dated 28 March 1913 with transfer attached, F.W.C.4.

116.—*Q.* Then we know that some of those circulars which you have produced, invited people to apply for the Preferred Shares. One of them to which you referred was dated the 3rd September, 1926. I think it said that reconstruction was rendered unnecessary if the Income Note holders would take Ordinary Shares in the Yukon Consolidated for their Notes, at the rate of \$1,000 in Shares for \$1,000 in Notes?—*A.* \$1,000 Income Notes, plus \$1,000 Preferred A.

117.—*Q.* Is that it?—*A.* The rate of exchange with regard to the Income Notes was that holders had the same number of Income Notes and Preferred A.: a similar number. For one \$1 Income Note and one \$1 Preferred A. Share, they obtained one \$1 Fully paid Yukon Consolidated Ordinary Share.

118.—*Q.* Did not they have to subscribe for the Yukon Preferred?—*A.* We are talking about different circulars, I think; it is my fault probably as I have not them in front of me.

119.—*Q.* I will read this out to you; this is what I have got: "We would remind the Shareholders that this is not a reconstruction but an offer of exchange very favourable to them. Reconstruction, if it came,

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

would injure the Shareholders; it is rendered unnecessary by the Income Note holders"—that is of the New North West—"accepting Ordinary Shares of the Yukon Consolidated Gold Corporation for their Notes at the rate of one thousand dollars in shares for one thousand dollars of Notes or fractional Notes and by the Shareholders subscribing for Preferred Shares, in order to provide additional working capital." That one appears to say that?—*A.* Yes.

120.—*Q.* Then the one of the 17th September also I think refers to a subscription of a substantial sum towards the working capital of the Yukon, and the right of the North West to subscribe for one Preferred Share of Yukon Consolidated in respect of every three New North West Common?—*A.* That is so. 10

121.—*Q.* In consequence of that, did a number of applications come in for the Preferred Shares of the Yukon?—*A.* Yes.

122.—*Q.* I think you have a record of that?—*A.* Yes.

123.—*Q.* I think that shows that you issued a total altogether of 120,205, Preferred; is that right?—*A.* Not this one. This shows that 132,334 Shares were applied for, and that up to the date of this Statement, 106,575 Shares had been allotted and issued to the Applicants.

124.—*Q.* That is the one which shows 106,575, is it?—*A.* Yes. 20

125.—*Q.* Does the difference between 106,575 and 132,334, represent the Shares which were not fully paid?—*A.* Yes, it represents Shares which were not issued and have not been issued from the London office. In some cases you see the Applicants applied for their proper quantity of Shares under the Circular, but in the end they did not pay up, and an arrangement was made by which they received a proportionate number of Preferred Shares to the cash they had subscribed.

(Summary of Cash Account, marked "F.W.C.5.")

EXHIBIT No. 100: Filed by Mr. Robertson: Statement of Preferred shares on London Register 1926-1928, marked F.W.C. 5. 30

126.—*Q.* Then in addition, did you issue some Preference Shares in exchange for Shares on the Canadian Register?—*A.* Yes.

127.—*Q.* I think you have a document which deals with that. It shows the 132,334 total applications, does it not?—*A.* Yes, and then it shows less the 2,379 Shares partly paid and settled on the basis of the amount received; that reduces the total to 129,595; then it shows a total of 23,020 Shares not paid up and not issued, for which there is a Schedule attached, which again reduces the total to the 106,575. Then you add to that a total of 13,630, issued in exchange for shares on the Canadian Register, deposited by holders for transfer from the Canadian Register, giving a total on the London Register, at the date of this, of 120,205. 40

(Summary of Preferred Shares with a Schedule of the Cases in which no Shares were issued attached, marked "F.W.C.6.")

EXHIBIT No. 101: Filed by Mr. Robertson: Summary of Preferred Shares—marked F.W.C. 6.

128.—*Q.* That cash account on the face of it, shows that certain moneys were received?—*A.* Yes.

129.—*Q.* Was any proper account kept of that in the London Office?—*A.* Oh yes, of some of it.

130.—*Q.* Does that show what money you received?—*A.* It shows the number of Shares applied for, and the amount which would be due on those Shares, and the total which was received. The total received is segregated into two further columns, showing the amounts that went into the account of Messrs. Martyn & Trask at the Threadneedle Street
10 Branch of the Bank of Montreal in London and showing the further amounts which did not go into that account and of which I have no knowledge.

131.—*Q.* We had better have the figures?—*A.* The total figures?

132.—*Q.* Yes; the total figures received were £23,419. 16s. 0d., were they not?—*A.* Yes. Would not it be better to put it this way: the total amount which should have been received, was £27,228. 19s. 2d. for 132,334 Shares; the actual total received was £23,419. 16s. 0d. of which £21,234. 7s. 7d. went into the Martyn & Trask account at the Bank of Montreal in London, and £2,185. 8s. 5d. went elsewhere, and that a total of 106,575 Shares was issued on those applications.

20 133.—*Q.* As to the £2,185. 8s. 5d., do you know where it went?—*A.* No.

134.—*Q.* Was it received while you were there?—*A.* That I cannot say: some of it before I went there, some of it afterwards; but it did not come through my hands.

135. *Q.* How were the earlier subscribers credited. What record was there of their payments; I mean the people who subscribed before you came in?—*A.* There was a sort of allotment list kept in the office which had marked on it, the amounts as they came in; and the allotment letter, which was included in that first bundle of circulars and things, had
30 receipts at the bottom of it which were detached as the payments were made.

136.—*Q.* Who would those be signed by?—*A.* The earlier ones—that is, of course, before I got there—were signed in most cases, I think, by Mr. Corrigan, and after I got there, all the moneys that went through my hands—or rather, when I say “through my hands” I mean, through the Martyn & Trask account—were signed for by me.

137.—*Q.* Just tell us about the Martyn & Trask account. You told us that was an account kept at the Threadneedle Street Branch of the Bank of Montreal?—*A.* Yes.

40 138. —*Q.* Messrs. Martyn & Trask, according to the circular which you produced, were described as what?—*A.* The Securities Committee.

139.—*Q.* And this Banking account was in their name?—*A.* In their name.

140.—*Q.* To whom did this Banking account really belong?—*A.* It was money subscribed for Preferred Shares of the Yukon Consolidated Gold Corporation.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—*continued.*

141.—*Q.* Was any explanation given to you as to why this Martyn & Trask account was used?—*A.* Yes. The explanation I received from Mr. Treadgold was that it was necessary to have names which were well known to the Shareholders to put the money in, and the Yukon Consolidated Gold Corporation Limited had not, at that time, a Banking Account in London and would not, until the Consolidation, as I understood it, was complete; because there would be no permanent residential Signing Officers in London—that is, officers authorised to sign cheques.

142.—*Q.* Did you say it was Mr. Treadgold who gave you that information?—*A.* Yes. 10

143.—*Q.* Later on, was that Martyn & Trask account audited?—*A.* Yes.

144.—*Q.* By whom?—*A.* Messrs. Moore, Stephens & Company.

145.—*Q.* That is Sir Harold Moore's firm?—*A.* That is Sir Harold Moore's firm.

146.—*Q.* For the purpose of that audit did you send some books to those auditors?—*A.* Yes, I sent the Cash Book, the Paying in Book, the Paid Cheques drawn on Martyn & Trask's account, and I think the Pass Book.

147.—*Q.* Did you get them back?—*A.* No. Through the Court at Toronto in 1933, I recovered the Cash Book. 20

148.—*Q.* I think you produced that, did you not?—*A.* Yes.

149.—*Q.* From what date does that run?—*A.* It starts on October 2nd, 1926.

150.—*Q.* How did you manage to make that up?—*A.* Shall I tell you in my own words.

151.—*Q.* Yes please.—*A.* There was no Cash Book or anything of that sort when I went into the office. There were the paying in slips, and the Pass Book, of course, was obtainable. I made up a Cash Book and checked it up with the Bank from the paying in slips, the stubs of the cheques, and the Bank Pass Book up to the date when I started to carry 30 on myself.

152.—*Q.* What date did you start to keep it properly yourself?—*A.* I cannot tell you the exact date.

153.—*Q.* Approximately?—*A.* I should say approximately some time in the middle of February 1927.

154.—*Q.* Did you have any discussion with Mr. Treadgold about this book?—*A.* Mr. Treadgold did not seem to think a Cash Book was necessary, but I did, and I kept it.

155.—*Q.* Is that book all in your handwriting?—*A.* I think everything in it is in my handwriting, that is in ink. I think I am safe to say every- 40 thing. It has not been touched at all, and there is no reason why it should be, of course.

(Cash Book marked "F.W.C.7.")

EXHIBIT No. 102: Filed by Mr. Robertson: Cash Book—
W. E. Martyn and W. Trask, marked F.W.C. 7.

156.—Q. What was the object of getting in this money for these Preferred Shares?—A. The Circular called it for working capital of the Yukon Consolidated.

157.—Q. Was it ever suggested to you that these were not just ordinary subscriptions for Shares in the Company; what they seem to call in Canada, Treasury Shares?—A. No.

158.—Q. Now about the Ordinary Shares. Were a number of those issued on the London Register?—A. Yes.

159.—Q. Do you produce a statement dealing with the exchange of securities for Ordinary Shares on the London Register?—A. Yes.

160.—Q. That shows the Shares divided into three lots, does it not?—A. Yes.

161.—Q. First of all, there is 862,931 issued against securities?—A. That is so.

162.—Q. The next lot is of Shares issued on Mr. Treadgold's instructions in respect of which no securities were received: 109,823?—A. That is right.

163.—Q. And then, issued in exchange for Shares on Canadian Register, deposited by holders for transfer to London Registers, 359,551?—A. That is so.

164.—Q. Making a total of 1,332,305?—A. Yes. That statement is up to the 30th March, 1931.

165.—Q. Some of those were issued on the requisition of the Granville Liquidator?—A. That is so, 37,249.

(Statement as to exchange of securities marked "F.W.C.8.")

EXHIBIT NO. 103: Filed by Mr. Robertson: Summary of securities exchanged for ordinary shares. F.W.C.8.

166.—Q. Apart from that 37,000, who collected the other securities which are shown on this list?—A. They came into the office in London, in Queen Street.

167.—Q. Did you issue the Ordinary Shares in exchange?—A. Yes, I made out the list and Mr. Smallman and myself signed the Certificates for those Shares and sealed them.

168.—Q. So together with the 37,249 issued on the requisition of the Granville Liquidator, you issued 862,931?—A. Yes, against securities.

169.—Q. Of course the liquidator would issue his requisition under the Granville Scheme?—A. That is so. He sent me in lists from time to time.

170.—Q. Again, I am taking the thing in a slightly different order, I think: do you produce a circular issued by Sir Harold Moore of the 4th July, 1928, which was issued, I think, on the face of it, in pursuance of the Granville Scheme, because it begins: "In accordance with the provisions of the Scheme approved by the Court", and there are spaces left for the names of the Shareholders and the number of Shares they are entitled to?—A. Yes, with blanks for their holding, and blanks for the number of Shares

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.

Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

they were entitled to. That form is for them to apply to Sir Harold Moore for the shares resulting.

171.—Q. Not to apply to him, but to apply to the Directors of the Yukon Consolidated Gold Corporation Limited, is not it?—A. Yes, that is worded so.

172.—Q. It is to be sent to Sir Harold Moore, but the application is addressed to the Directors of the Yukon?—A. That is so.

(Circular of the 4th July, 1928, marked "F.W.C.9.")

EXHIBIT No. 104: Filed by Mr. Robertson: Printed Circular Letter 4th July, 1928 from Sir Harold Moore calling in certificates 10 of Granville for exchange. F.W.C.9.

173.—Q. You have told us as to 109,823 of those Shares which were issued on Mr. Treadgold's instructions?—A. That is so.

174.—Q. You received no securities in respect of them?—A. No.

175.—Q. I think you have a list which shows what happened to some of them, I think, does it not?—A. Yes.

176.—Q. 21,726 were issued to subscribers of Preferred Shares who did not hold any Granville or New North West Securities; is not that right?—A. Yes, I should put it they did not hold them, or had exceeded their quota. This shows something, but not that. 20

177.—Q. What does that show; put it your own way?—A. This is three lists, A, B and C. A. is a list of holders of Yukon Consolidated Ordinary Shares on the London Register, who exchanged no securities, a total of 80,155 Yukon Shares. Statement B. is a list of former holders of Granville Mining Company Limited, 6 per cent. Debentures, who received Yukon Consolidated Gold Corporation's Ordinary Shares, a total of 29,668 Yukon Shares; and the sheet labelled C., is the reconciliation of those Statements. It first gives the total of 109,823, as shown on the summary of Ordinary Shares issued in London, which you have just had in, and it shows the sum of the two A. and B. lists here, making up the total of 109,823 also. The 30 two sums are 80,155 and 29,668, which is 109,823.

(Three Statements of Holdings, marked "F.W.C.10.")

EXHIBIT No. 105: Filed by Mr. Robertson: List of holders of Y.C.G.C. ordinary shares on London Register who exchanged no securities and list of former holders of Granville debenture holders who received Y.C.G.C. ordinary shares and reconciliation. Marked F.W.C.10.

178.—Q. I think you told me before that the surrendered Securities, or the bulk of them, were taken to Canada by Mr. Treadgold?—A. Yes.

179.—Q. Then there were certain Certificates transferred from the 40 Canadian to the London Register. Were the cancelled Certificates sent back to Canada?—A. Yes.

180.—Q. And we have had the figure, 359,551 issued on the London Register?—A. Yes.

181.—*Q.* I think Mr. Treadgold produced to Mr. Martyn and you a number of cancelled Canadian Certificates for Ordinary Shares?—*A.* Yes.

182.—*Q.* Do you remember what the total number was of those cancelled Canadian ones shewn to you?—*A.* I have not looked up any of this lately, but I think it was 600,000. I am speaking entirely from memory, and I may be wrong.

183.—*Q.* I think you are quite right, as a matter of fact. Used you from time to time to send to Canada lists showing the Shares issued by you in London?—*A.* Yes.

10 184.—*Q.* I think there are a number of examples of that which you can produce?—*A.* Yes; these (produced) are portions of lists I sent from time to time.

185.—*Q.* By way of example, are they not?—*A.* Yes, they are not the complete lot. Those in the blue cover are Interim Certificates for Ordinary Shares. They give in separate columns the Certificate No., the name of the holder, the inclusive distinctive numbers, and the total number of Shares.

186.—*Q.* Yes?—*A.* They also have a column: "Date issued", but I do not think that has been filled in.

20 187.—*Q.* And the red ones?—*A.* The pink or red ones are exactly the same, only they refer to the Preferred Shares.

188.—*Q.* There are five lists of the Ordinary Shares and four of the Preferred, are there not?—*A.* Yes, five lists of Ordinary and four of Preferred.

(*Lists (old Exhibit No. 128) marked "F.W.C.11."*)

EXHIBIT NO. 106: Filed by Mr. Robertson: Nine books of lists of security holders of Y.C.G.C. on London Register. F.W.C.11.

189.—*Q.* Was there also Correspondence with Canada about the issue of the Shares?—*A.* Yes.

30 190.—*Q.* I do not know that it is material to go into it, but you have here a bundle of letters passing between Mr. Watson, the Secretary in Ottawa, and yourself, as, I suppose, the Secretary in London. Were you the Secretary by this time?—*A.* Yes.

191.—*Q.* This runs from June, 1927, to August, 1928. Actually the earliest, although it comes in the middle of the bundle, is 21st June, 1927, and it appears to go on down to the 7th August, 1928?—*A.* Yes. Do you want me to identify them?

192.—*Q.* Yes?—*A.* These are all signed either by myself or Mr. J. B. Watson, with the exception of one, which is a copy from me to Mr. Watson.

40 193.—*Q.* Do you remember it?—*A.* Yes.

(*Bundle of Correspondence (old Exhibit 122) marked "F.W.C.12."*)

EXHIBIT NO. 107: Filed by Mr. Robertson: Bundle of letters and telegrams between Watson and Corbett from 6th July 1927 to 27th March 1928. F.W.C. 12.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—*continued.*

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

194.—*Q.* Then subsequently did you get from Mr. Watson a letter of the 17th July, 1929, notifying you of the transfer of 1,013,041 Yukon Consolidated Ordinary Shares and 103,853 Preferred Shares from the Canadian to the London Register?—*A.* Yes.

195.—*Q.* That is old Exhibit 110A?—*A.* There is something attached to it—a copy of my reply dated 19th August, 1929—a reply from myself acknowledging Mr. Watson's letter.

196.—*Q.* That is not a copy, it is the original, is it not?—*A.* Yes, I should say that is the original.

(*Documents, letter from Mr. Watson of 17th July, 1929, and Mr. Corbett's reply of 19th August, 1929, (old Exhibit 110A) marked "F.W.C.13."*) 10

EXHIBIT No. 108 : Filed by Mr. Robertson : Two letters Watson to Corbett dated July 17, 1929 and Corbett to Watson August 19, 1929 marked F.W.C. 13.

HIS LORDSHIP: Just what is meant by that correspondence, the transfer of shares from the Canadian to the London registry?

Mr. ROBERTSON: Apparently what they did was to treat it as being London registry by charging all and adding a certain number of shares which were in Canada and used up the shares they transferred to the London Registry, and they had to get some from Canada. This is something 20 I have the right to say as we do not identify the shares in England, each share is numbered and you can transfer and preserve the identity of the shares. That is what they were doing here. It was merely crediting the London Registry with more shares from the head office at Ottawa. There was that much fewer here.

(MR. CALVIN *reading*):—

“197.—*Q.* All these Ordinary Shares of the Yukon which were being issued like this: what issue did they come out of?—*A.* They were Shares issued by the Company—that was my understanding.

198.—*Q.* But I mean, we know that later on in 1929 there was a second 30 issue amounting altogether to 1,788,900 Shares?—*A.* Yes.

199.—*Q.* Did any of these that you were issuing come out of that lot, or did they come out of an earlier issue?—*A.* The Shares you are now referring to were issued, as I subsequently learnt, in July, 1929. The Statement I have put in, the majority of those Shares were issued before the end of 1928.

200.—*Q.* So that they must have come out of some earlier issue, before the issue of the 1,788,900?—*A.* Before the allotment of the 1,788,900.

201.—*Q.* Before?—*A.* They must have been.

202.—*Q.* Now later on, of course, you became aware of the Agreements 40 of the 11th and 19th February, 1925?—*A.* Yes.

203.—*Q.* Which provided for the issue to the Vendors of 500,000 Preference Shares plus 3,250,000 Ordinary Shares: that is right, is it not?—*A.* Yes.

204.—*Q.* According to the Schedule to the Agreement of 11th February, 1925, a total of 500,000 Preferred Shares and 3,250,000 Common Shares ought to have gone to the Vendors of the four parcels dealt with in that Schedule?—*A.* Yes.

205.—*Q.* In point of fact, that cannot have been the true position, can it, because there were these Preferred Shares being issued in London for cash?—*A.* Yes.

206.—*Q.* And as you have told us, 1,332,305 Ordinary Shares were also issued?—*A.* Yes.

10 207.—*Q.* In exchange for Securities?—*A.* Well, part of those were in exchange for Canadian Certificates, you see.

208.—*Q.* Yes, but at any rate, not for the parcels dealt with in the 11th February Agreement?—*A.* No.

209.—*Q.* And, of course, were a direct issue by the Company?—*A.* Surely.

210.—*Q.* Then we know that you gave certain shares to the Liquidator. Did those also come out of the earlier issue?—*A.* Yes.

211.—*Q.* Then there is a Balance Sheet of the 31st December, 1928, signed by Sir Harold Moore. I think you produce that, do you not?—*A.* Yes.
20 There is a letter from Mr. J. B. Watson, Secretary of the Company, dated 16th July, 1929, as a covering letter for the Balance Sheet.

212.—*Q.* Yes?—*A.* He sent me the Balance Sheet signed by himself and Mr. F. H. Chrysler, the Vice-President, and I was to obtain Sir Harold Moore's Certificate and signature to it and issue them to all the Shareholders on the London Register.

213.—*Q.* Yes?—*A.* Sending a quantity to Mr. Watson for distribution to those on the Canadian Register, which I did.

214.—*Q.* Yes?—*A.* And this is the letter from Mr. Watson which accompanied the Balance Sheet. There are two copies of the Balance
30 Sheet here; one is typewritten, which Mr. Watson sent me signed by himself and Mr. Chrysler; and the printed copy I had made, on which I had typed Sir Harold Moore's Certificate, which he signed.

215.—*Q.* That is Sir Harold Moore's signature?—*A.* Yes, that is.

(Letter from Mr. J. B. Watson dated 16th July, 1929, together with two Balance Sheets (old Exhibit 118) marked "F.W.C.14.")

EXHIBIT No. 109: Filed by Mr. Robertson: Circular letter dated July 16, 1929 and Balance Sheet. F.W.C.14.

216.—*Q.* That shews, does it not, at that date an issued capital of \$3,750,000, of which \$500,000, was Preferred and \$3,250,000 Common?—
40 *A.* Yes.

217.—*Q.* Then the next bundle is a print of the Balance Sheet of the Yukon Consolidated Gold Corporation as at the 31st December, 1929. It is printed, but it has the printed signatures of Mr. Treadgold as President, and Mr. Chrysler as Director?—*A.* Yes.

218.—*Q.* And attached to that is a circular dated 26th August, 1930, with the printed signature of Treadgold?—*A.* Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

219.—*Q.* And attached to it is also a list of Shareholders. Is that a list which you made of those to whom the Balance Sheet was sent?—*A.* That is so.

220.—*Q.* I see that the circular says: "The Yukon Consolidated Gold Corporation, Ltd. now owns or controls the whole of the share capital of the following Companies:—The Deepvale Mining Company Limited; The Dago Hill Mining Company Limited; The Sulphur Mining Company Limited; The Calder Mining Company Limited; The Big Creek Mining Company Ltd.; The Canadian Klondyke Power Company Ltd.; Burrall and Baird Ltd.; and more than 90 per cent. of the shares of:—The Dominion Mining Company Ltd.; The Bonanza Basin Gold Dredging Company Ltd.; and The New North-West Corporation Ltd."

*(Balance Sheet of Yukon Consolidated Gold Corporation as at
31st December, 1929, and other documents (old Exhibit 119) marked
"F.W.C.15.")*

EXHIBIT No. 110: Filed by Mr. Robertson: Balance Sheet at 31st Dec. 1929. Marked F.W.C.15.

221.—*Q.* I will show you now, Mr. Corbett, a copy of the Current Account of Martyn & Trask at the Bank of Montreal?—*A.* Yes.

222.—*Q.* And a copy of their Loan Account?—*A.* Yes. 20

223.—*Q.* Those have been produced as Exhibits "J.A.W.1 and 2". I do not know whether you can help me as to what some of these things were?—*A.* I had better have my Cash Book as well, had I not?

224. Yes, I think so. (Exhibit "F.W.C.7" handed.) Apart from the calls on Preference Shares, were various other sums of money from time to time paid into that Account?—*A.* Yes.

225.—*Q.* Then I see from the other Account that a loan was raised, I think in 1927, was it not?—*A.* Yes.

226.—*Q.* You will find that in the other Account. There appear to be two loans, are there not, or three?—*A.* There are three items, yes. 30 There is one on the 23rd December, 1926, £7,000; another on February 5th, 1927, £1,000; and a further £650 on the 7th March, 1927—loans.

227.—*Q.* Those would be raised on what security?—*A.* The only security I know of was the uncalled capital of the Preferred Shares which had been issued in London.

228.—*Q.* That, apparently, was all paid off, was it not?—*A.* That was paid off as the calls came in.

229.—*Q.* So that, no doubt, that loan is credited to the Current Account?—*A.* Yes. I have it all in one Account.

230.—*Q.* The Loan Account was all paid off by May, 1927, was it not?—*A.* By May 25th, 1927, and the interest, which is not shewn in this Loan Account Statement from the Bank, was debited to the Account.

231.—*Q.* Yes, that is the usual practice, is it not?—*A.* Yes, only it is not shewn on the Loan Account. 40

232.—*Q.* Now what was the money used for?—*A.* In addition to paying the Bank loan off and its interest, there was 10,000 dollars sent by telegraphic transfer to Seattle on October 15th, 1926; that amounted to £2,062. 18s. 4d., plus charges, 14s. 8d.

233.—*Q.* Do you know what that was for?—*A.* No, that was before my time.

234.—*Q.* There are several things before your time. I see that there is: "Transfer Yukon Hydraulic" on the 17th December, £3,138. 15s. 10d.—before your time?—*A.* Yes.

10 235.—*Q.* And there was £10,000 went to Yukon Gold, I see, on the 23rd December?—*A.* Yes.

236.—*Q.* Now let us come to your time. Were you there on the 5th February; can you tell me about Henderson, £2,000?—*A.* Yes. Messrs. Henderson & Co. are Engineers of Aberdeen. That is for the purchase of a portable cable-way, which was sent out to Klondyke.

237.—*Q.* Then I see on the 7th March there is another £1,000 to Henderson.—*A.* Yes.

238.—*Q.* Then there is nothing much of importance, I think, until we get to the 3rd June: Bank of Montreal, £1,456. 16s. 2d. Have you any idea what that is?—*A.* A cable transfer to Dawson of 7,000 dollars.

239.—*Q.* That would be for what—working expenses out there?—*A.* I do not know.

240.—*Q.* I see a whole series of sums drawn to Corbett: what were those?—*A.* Part of them were paying allowances to dependants in England of workmen who had gone out to the Yukon, and part was for Office expenses and necessary expenses in London in connection with the Office.

241.—*Q.* I see, but there is a whole series of them in July and August, all in round sums: £40, £80, £150, £600, £255, and so on?—*A.* Yes. They are Office Expenses, Salaries and Dependants' Allowances, except the £600.

30 242.—*Q.* What is the £600, do you know?—*A.* Yes. About the date of that cheque I received a cable from Mr. Treadgold asking me how much interest was due on the 1st July on the instalments on the London issue of Preferred Shares, and I gave him a round figure, and he sent me instructions to get £600 from the Martyn & Trask Account, added, I think, to £150 which he sent me, to pay the accrued interest to the 1st July, 1928 on those Preferred Shares.

40 243.—*Q.* I see. Then did you do that?—*A.* I drew the £600. I did not pay the interest. I was not satisfied that it was a proper payment to make, and I took the £600 from the Martyn & Trask Account, and I took the £150 which Mr. Treadgold sent me, and I put it into a Deposit Account at the Bank of Montreal, Threadneedle Street, to the credit of the Yukon Consolidated Gold Corporation.

244.—*Q.* What happened to it eventually, do you know?—*A.* The Directors—I am not clear in my own mind as to the date—subsequently dealt with it.

245.—*Q.* Then I see we get: 31st January, 1928, Treadgold, £100?—*A.* Yes.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Examina-
tion on
Commission
by Mr. St.
John Field
- -continued.

246.—*Q.* Then in February and March several round sums to Treadgold?—*A.* Yes.

247.—*Q.* And down to the 28th May. Do you know what those were for?—*A.* No. Treadgold from time to time had a Cheque Book of Messrs. Martyn & Trask and signed cheques; I do not know what they were for.

248.—*Q.* Then I see there was very little money came in really after—I think one can say after April, 1928?—*A.* Yes, very little.

249.—*Q.* Then the Account on the other side. I see Treadgold drew £70 on the 29th May, and then there seems to have been a complete in-
action until on the 6th January, 1932, the Bank apparently spent sixpence
in notifying somebody that the balance was inactive?—*A.* Yes. 10

250.—*Q.* And then Mr. Treadgold on the 22nd January, 1932, drew £17 15s. 8d., and that balances the Account?—*A.* That closed the account, that is so.

251.—*Q.* At any rate, the bulk of those Accounts really is money paid for subscriptions for the Preferred Shares of Yukon Consolidated?—*A.* Yes.

252.—*Q.* Of course, you were at the London Office, I suppose. At any rate, when Mr. Treadgold drew these sums, did he tell you what he had done with them?—*A.* Oh no. 20

253.—*Q.* Of course, he was the President of the Company?—*A.* Yes, he was the President and Chief Executive Officer, and without committing myself too deeply, I should say these amounts were probably drawn without my knowing anything about it—subsequently picked up from the stubs book and the Bank Statements.”

(Court adjourned until 2 p.m.)

Afternoon Session.

FREDERICK WILLIAM CORBETT.

CROSS-EXAMINATION by Mr. FITZROY.

Cross-exa-
mination
by Mr.
Fitzroy.

(MR. McLAUGHLIN *reading*):—

“ 254.—*Q.* The first thing I want to ask you is with regard to your position at the beginning of 1927. You say you had a written agreement with Mr. Treadgold by which you were to get £500 a year?—*A.* Yes. 30

255.—*Q.* What were you to do?—*A.* To look after the interests of the Companies in the office, to answer enquiries as to exchanges and the Consolidation, and to take in securities and give receipts for them as they came in for exchange.

256.—*Q.* So that you were doing work for the New North West?—*A.* Yes.

257.—*Q.* And Martin & Trask?—*A.* Well, when I was doing work
for the New North West, that only goes as far as the one Circular I think;
it was only one Circular which had my name on it. 40

258.—*Q.* But the people who would be asking for information for instance, they would be people who were applying for it to a great extent because of Circulars which had been addressed to them?—*A.* Yes.

259.—*Q.* You agree?—*A.* Yes.

260.—*Q.* And those Circulars had been sent out to Shareholders of the North West?—*A.* Yes.

261.—*Q.* And they had been sent out not by Yukon at all. None of those Circulars which you put in are Circulars which were sent out by Yukon. The Circulars you found there; they were sent out by somebody
10 called Martyn & Trask?—*A.* Yes.

262.—*Q.* What I am putting to you is that you were not employed by the Yukon at all. I am asking you to consider that in the light of what you wrote on the 2nd September to Mr. Watson: "On July 29th, I sent you a cable on the matter of my authority as Agent to the Company in London", that is the Yukon?—*A.* Yes.

263.—*Q.* So that you were not acting as Agent for them at any rate?—*A.* I consider I was acting as Agent, but things were not going as I considered they should, and I tried to get further confirmation from the Board of Directors in Ottawa.

264.—*Q.* Well, you got no answer, apparently, until the 17th October, when you got a telegram saying "Action regarding transfer office will be decided on Treadgold's return here"?—*A.* Yes. That does not affect the question of my working for the Yukon Consolidated.

265.—*Q.* But you certainly were not acting as their Agent?—*A.* I should say I was. I should join issue there.

266.—*Q.* Why did you ask to be confirmed in that, to be appointed?—*A.* Because I had only an oral statement from Mr. Treadgold, and a letter from him.

267.—*Q.* Have you got the letter?—*A.* I have not.

268.—*Q.* What have you done with it?—*A.* The letter was taken to
30 Ottawa, and we searched for it in the case of Patton *v.* Yukon Consolidated and Treadgold and Others, or whatever it was, and we were unfortunately unable to produce it.

269.—*Q.* What date do you say that letter was?—*A.* The letter would be in May, 1927. I am speaking entirely from memory, but it would be some time in May, 1927, I think.

270.—*Q.* From Treadgold?—*A.* Yes.

271.—*Q.* You were seeing him every day then, were you not?—*A.* Yes, and I insisted on something from him in writing before he went back to
40 Ottawa in the Summer of 1927, and speaking with due deference to the long time that has elapsed, I believe he gave it to me the last day before he sailed for Ottawa.

272.—*Q.* I put it to you that the reason that you asked for a letter of that description was because you were not employed by the Company; the very reason which would cause you to ask for any letter would be because you were not employed by the Company?—*A.* Oh no. The reason

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

I asked for the letter was because I had been employed by the Company, but had nothing to show.

273.—*Q.* Were you in steady receipt of wages or salary, or were not you paid? Perhaps you were not paid any wages?—*A.* Yes, I received from Martyn & Trask sums of money from time to time as I wished it, on account of expenses, salary, and allowances to the dependants of the workmen.

274.—*Q.* All the money you received, then, may I take it, from what you say now, was received from the Martyn & Trask Account?—*A.* Oh no.

275.—*Q.* I mean as wages?—*A.* No; I received some money from Mr. Treadgold as well. 10

276.—*Q.* You either received it from Treadgold or from Martyn & Trask?—*A.* Yes.

277.—*Q.* As regards these Circulars which you found there, you do not know whether they had been issued or not before you got there?—*A.* Only from the fact that people kept on coming into the office and bringing them.

278.—*Q.* Let me then deal with this. Was the name of the Yukon Company on your door?—*A.* On the door or the wall.

279.—*Q.* What did it say?—*A.* "The Yukon Consolidated Gold Corporation Limited". 20

280.—*Q.* "Inquiries"?—would that be right?—*A.* No, it would not be right to say that. What was on the wall was "The Yukon Consolidated Gold Corporation Limited"; "New North West Corporation Limited"; "The Granville Mining Company Limited"; "Burrall & Baird Limited". "Inquiry Office", No. 21 or 22—I cannot remember now; or "Inquiries", it may have been; it may not have had the word "Office".

281.—*Q.* When you went into this office, had Mr. Corrigan left?—*A.* No. 30

282.—*Q.* He was still there? I think you told us, if I am not mistaken, that Corrigan was acting as Secretary for Major Cunynghame, was he not?—*A.* I do not know.

283.—*Q.* You do not know what he was?—*A.* I do not know whose servant Mr. Corrigan was. All I know is that when Major Cunynghame left, Corrigan left also.

284.—*Q.* Did you ever pay the rent of the office?—*A.* Yes.

285.—*Q.* Yourself, to whom?—*A.* To the landlord, Mr. R. S. Smallman.

286.—*Q.* And the money to pay it came from where?—*A.* In one case it was out of the Martyn & Trask Account, and in other cases out of my own pocket. 40

287.—*Q.* I hope you were reimbursed?—*A.* That is a matter between myself and the Consolidated.

288.—*Q.* The money which came out of your pocket, do you mean to say you were never repaid?—*A.* No, I do not mean to say anything of the sort.

289.—*Q.* Then eventually you were repaid?—*A.* Yes.

290.—*Q.* By whom?—*A.* The Yukon Consolidated.

291.—*Q.* When?—*A.* I received various sums on account from them, I think, and we are rather busy even at this present moment in settling up the exact state of the account.

292.—*Q.* Still busy settling up. I think for some years there was some question about the rent, was there not, of the Yukon Consolidated; they refused to pay the rent?—*A.* After a time I declined to go on paying the rent.

293.—*Q.* You mean the Yukon Consolidated repudiated it?—*A.* No; I mean to say that I declined to go on paying the rent out of my own pocket.

294.—*Q.* Would I be right in saying that the Yukon refused to pay Mr. Smallman rent for the office and said it was not theirs?—*A.* That is a matter between the Board and Smallman.

295.—*Q.* But is it so; do you know if that is the case?—*A.* I know there was some difference between them, but what exactly took place between the Board and Mr. Smallman, I am afraid I cannot tell you.

296.—*Q.* Do you know they repudiated the fact that it was their office?—*A.* I do not know that I do know of my own knowledge.

297.—*Q.* Do you know that there was a dispute about it?—*A.* I know there was a question of what was to be paid and what was not.

298.—*Q.* Well, as you paid the rent, I am putting it to you that you really must have known, if you will only take the trouble to think?—*A.* I paid the rent up to a certain time.

299.—*Q.* But you must have known that the Yukon disputed the fact that they rented the office?—*A.* Yes there was a dispute between Mr. Smallman and the Yukon Consolidated Company Office or Headquarters in Ottawa. That is all I know.

300.—*Q.* So that you know nothing else about it?—*A.* I know the matter was eventually settled. That is all I know.

301.—*Q.* Now let us look at these various documents which you found in the office. They were offers to various people, and one is signed by Mr. Corrigan; that is the one of the 6th December, addressed to Martyn & Trask. Most of the others are signed Martyn & Trask as the Securities Committee?—*A.* Yes.

302.—*Q.* What was the Securities Committee: do you know anything about it?—*A.* Do I know anything about it?

303.—*Q.* Can you tell me when it was formed?—*A.* No; it was formed before I got there.

304.—*Q.* Can you tell me whether Yukon had anything to do with it?—*A.* I always took it so, that they were a Committee appointed by or formed by the Yukon Consolidated to receive these Securities.

305.—*Q.* I put it to you that is absolutely incorrect; it is merely a guess on your part?—*A.* No, no.

306.—*Q.* Why do you say they were appointed by the Yukon Consolidated?—*A.* Well, I always understood so. I cannot tell you any more than that, because they were appointed before I went there. But that was my understanding.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.

Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

307.—*Q.* Had they been appointed by Yukon, would not you have expected to find some reference in the letters that they wrote—that they were appointed by Yukon?—*A.* Beyond the Circulars, I have seen no letter.

308.—*Q.* You would not expect to find it in the Circulars?—*A.* I do not know. The Circulars are in general terms.

309.—*Q.* Would you expect to find in the Circulars which were sent out by people appointed by Yukon, a notice of some intimation that they were acting on their behalf, or that they represented them? Would you or would you not expect it?—*A.* I do not know that I can give an opinion on that. 10

310.—*Q.* Is it reasonable that such a statement should appear?—*A.* I am not prepared to give an opinion on that.

311.—*Q.* Did you find any statement in any way which would lead you to suppose that that was the case, in any of the Circulars?—*A.* Well, it is such a long time since I read those Circulars.

312.—*Q.* Shall I hand them to you and you shall go through them at your leisure. Can you show me anything in them which suggests what you have said?—*A.* There is one thing I remember; that is in one of them there is something to the effect that we have secured better terms than the ordinary, or words to that effect. 20

313.—*Q.* That might suggest that they had been bargaining, not that they were appointed by the Yukon?—*A.* But it would suggest that they had power.

314.—*Q.* Do you recollect that at a later period, the Yukon Company itself refused to acknowledge Martyn & Trask at all; they had nothing whatever to do with them?—*A.* No.

315.—*Q.* You never knew that they had passed a Minute to that effect at a Meeting?—*A.* I think as far as I know that is the first I have heard of that. 30

316.—*Q.* Would you be astounded to hear that they suggested that Mr. Treadgold had associated himself with certain people in England and that they had nothing to do with it?—*A.* I should not be astounded.

317.—*Q.* Well, I put it to you that that was the position?—*A.* Well you know—I do not.

318.—*Q.* No, no, I am not giving evidence; you must not put it in that way?—*A.* I do not in any way intend to be rude or anything of that sort, Mr. Fitzroy.

319.—*Q.* No, of course not. If you do not know, just say so and I will quite understand. For the moment, you do not know?—*A.* No. 40

320.—*Q.* Now, at any rate a variety of applications came in after you got there?—*A.* Yes.

321.—*Q.* Some of which were applications for Preferred Shares?—*A.* Yes.

322.—*Q.* Or subscriptions for Preferred Shares?—*A.* Yes.

323.—*Q.* Under the terms which were contained in one or other of the Circulars you have put in?—*A.* Yes.

324.—*Q.* You have seen the Balance Sheets of the Yukon Company?—*A.* Yes.

325.—*Q.* In 1926, for instance, does it show that the Capital issued is $3\frac{1}{4}$ million Ordinary and 500,000 Preferred Shares?—*A.* What date is that?

326.—*Q.* Did you see a Balance Sheet for 1926, showing that?—*A.* No. I think the first Balance Sheet I saw, was for 1928.

327.—*Q.* At any rate you received a letter from Lawrence Harrison, which was addressed to him by Messrs. Chrysler & Chrysler, and which
10 you forwarded to Mr. Smallman?—*A.* Yes.

328.—*Q.* Dated the 7th December, 1927?—*A.* Yes.

329.—*Q.* It enclosed a letter which was dated the 28th November, 1927, from Messrs. Chrysler & Chrysler. Do you remember forwarding that letter?—*A.* I have no recollection at the moment.

330.—*Q.* You gave it in evidence before?—*A.* Did I? It has passed from my memory for the moment.

331.—*Q.* The letter which you forwarded is that which was Exhibit 126 in the other action. It says: "Dear Sir: The Secretary, Mr. J. B. Watson, has informed us that the stock records of the company show:—Total stock
20 issued, Preferred, 500,000; Ordinary, 3,250,000. Under the agreements of 11th and 19th February, 1925, the following shares were issued:—Preferred, Parcel 1, 45,000 Shares; Parcel 2, 75,000 Shares; Parcel 3, 94,000 Shares; Parcel 4, 286,000 Shares; Total, 500,000 Shares. Ordinary, Parcel 1, 141,616 Shares; Parcel 2, 316,360 Shares; Parcel 3, 600,424 Shares; Parcel 4, 2,191,600 Shares; Total, 3,250,000 Shares. These figures show how the stock was originally issued. We do not understand your enquiry as to shares held in London as practically all of the above are issued to London shareholders, including Mr. A. N. C. Treadgold in this category. Yours very truly, Chrysler and Chrysler"?—*A.* Yes.

332.—*Q.* Very well. Now 500,000 Preferred Shares had been issued and $3\frac{1}{4}$ million Ordinary Shares had then been issued. The Capital of the Company was 6 millions, that is right, is it not?—*A.* Yes.

333.—*Q.* 500,000 Preferred Shares, all of which had been issued?—*A.* Yes.

334.—*Q.* And you come here to-day and you tell us that you were issuing Preferred Shares?—*A.* Yes.

335.—*Q.* Where from?—*A.* The Treasury of the Company.

336.—*Q.* There were none; they were already issued. Come, come, let us look at it?—*A.* Will you be good enough to tell me the date of that
40 letter?

337.—*Q.* This is the 28th November, 1927?—*A.* I have no recollection of it, but I will take your word for it.

338.—*Q.* You gave evidence on it?—*A.* I remember now, yes. Mr. Hellmuth was asking me questions about it. He asked me if I had read it, and I said I did not remember reading it, or something like that.

339.—*Q.* What I am putting to you is that there were no Preferred Shares at the date you went in, which could be issued, because they were

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

already issued?—*A.* The shares on the London Register were issued before the receipt of that letter.

340.—*Q.* Before October, 1927?—*A.* Yes.

341.—*Q.* They were not issued in respect of Parcels 1, 2, 3 and 4, were they?—*A.* I do not know anything about parcels.

342.—*Q.* But these Preferred Shares, the 500,000 Shares which were the only Preferred Shares the Company had, had already been issued in accordance with two Agreements, of the 11th and 19th February, 1925.

Mr. ST. JOHN FIELD : My learned friend should not put that to the witness, because, first of all, it is not accurate. My friend has no right to give evidence of that kind. If my learned friend would look at the Agreements, he will see they do not call for 500,000 Shares. 10

Mr. FITZROY : This is a letter from two Directors of the company.

Mr. ST. JOHN FIELD : I dare say, but you must not misread it.

Mr. FITZROY : I am not misreading it.

Mr. ST. JOHN FIELD : You are. You are mixing up the Preferred and the Ordinary.

Mr. FITZROY : I am not mixing up the Preferred and the Ordinary—I have not touched on anything but the Preferred. I am not mixing them with anything. 20

343.—*Q.* Were you aware that the whole of the Preferred Shares had been already issued under two Agreements of 11th and 19th February, 1925?—*A.* No.

344.—*Q.* Were you aware that there were no Preferred Shares available in the Company, to be issued by them?—*A.* Certainly not.

345.—*Q.* I am putting to you this : was it Interim Certificates that were issued for Preferred Shares by you?—*A.* Yes.

346.—*Q.* They were issued and were not recognised by the Yukon Company until an equal amount of Shares had been surrendered to the Secretary of the Yukon Company in Ottawa?—*A.* I knew nothing of that. 30

347.—*Q.* Do you remember the letter you got from Mr. Watson (Exhibit F.W.C. 13) of the 17th July, 1929 : " We have transferred 1,013,041 Yukon Consolidated Ordinary Shares and 103,853 Preferred Shares from the Canadian to the London Register. This takes care of the Interim Certificates issued by the London Transfer Committee as shown on your lists " ?—*A.* Yes.

348.—*Q.* Until those were sent, and until the Shares had been received in Ottawa, that could not have taken place, because the Capital was already issued. Do you agree to that?—*A.* No. I do not know. I had been sending lists of the Shares I had issued, to the Yukon Company for some time, and I had had no intimation from the Yukon Company that everything was not in order, and I took that to take care of the Shares. 40

349.—*Q.* What authority had you to issue Interim Certificates at all?—*A.* The authority of Mr. Treadgold the President and Chief Executive Officer of the Yukon Consolidated Gold Corporation.

350.—*Q.* You were working for Mr. Treadgold and by his authority, and issued them in accordance with the authority?—*A.* I was working for the Yukon Consolidated.

351.—*Q.* One more question on that. Before shares can be issued, they have to be allotted, have not they?—*A.* Yes.

352.—*Q.* Did you ever hear that any allotment took place with regard to any of the Shares which you yourself issued?—*A.* There were allotment Sheets in the office when I went there.

10 353.—*Q.* Yes, but these Allotment Sheets were not sent to the Board; you had no intimation that any of these Shares were allotted by the Board?—*A.* No. They were allotted in the London office.

354.—*Q.* Under what authority; under what particular Resolution? Do you know of any Resolution which gave you that power?—*A.* No; they were allotted on the instructions of Mr. Treadgold, the President of the Company.

355.—*Q.* You mean to say they were Interim Certificates, issued by you?—*A.* I mean to say that the figures on the Allotment Sheets—

20 356.—*Q.* Just a moment; we are perhaps misunderstanding one another. The allotment is something which is done by the Board, and what I am putting to you is, you had no intimation that any special allotment had been made for any particular Shares which you had issued. You had authority, or thought you had authority, or considered you had authority, to issue Certificates for the Preferred Shares when the necessary money was paid in?—*A.* Surely.

357.—*Q.* I was asking you a few questions with regard to your position at 8, Queen Street. Do you remember writing a letter on the 20th January, 1928, to the General Mines Investment Limited?—*A.* No, I cannot say that I do; it is a long time ago.

30 358.—*Q.* It was Exhibit 124, at the trial, and it was put to you then. In it you said this: "I beg to acknowledge receipt of books, papers, etc. as per schedule enclosed, but you must clearly understand that I have no authority to accept same on behalf of the Companies concerned, or the Yukon Consolidated Gold Corporation Limited, and therefore, I hold these books, documents, etc. to your order and at your risk. Further, I must point out that I am not authorised agent for any of the above mentioned Companies"?—*A.* Yes.

359.—*Q.* I put it to you this morning you were not an authorised agent, and you were not an authorised agent of the Yukon Company on your own admission in 1928?—*A.* And the date of that letter is?

40 360.—*Q.* The 20th January, 1928. So that at that date you yourself acknowledged you were not agent for them?—*A.* If you take that letter singly it would appear so, but that letter was drafted under the circumstances of the offer of these books by Mr. Smallman, and I possibly foolishly signed it.

361.—*Q.* I am putting it to you that at that date you were not employed by the Yukon Company at all?—*A.* I am afraid I cannot agree with you.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

362.—*Q.* You were asked then about the general Exchange Certificates of Martyn & Trask. The Preferred Shares I put to you were never allotted at all, nor had you any power of allotting those particular Shares which are represented in the Interim Certificates—the Preferred ones—because they had already been issued. You had no power whatever to allot any Shares. That is an Action by the Board: the allotment?—*A.* Mr. Treadgold was the President and Chief Executive Officer, and instructed Mr. Smallman and I to do so.

363.—*Q.* To issue these Certificates?—*A.* To issue the Certificates.

364.—*Q.* That is the point, that could be done. Did you ever receive 10 any communications whatever from Ottawa before the letter of the 17th July, 1929, saying that any Shares had been placed at your disposal?—*A.* There is a whole pile of correspondence. I really am afraid, unless you produce it and let me go through it, I cannot say what was in what was not.

365.—*Q.* Is this something to which you can refer? (Handing F.W.C. 12.)—*A.* There appears to be nothing very much here, except constant disregard of letters from me.

366.—*Q.* There may be that. That would tend to show that they did not consider that you were employed by them, or they would have done? 20—*A.* Not at all.

367.—*Q.* That is one explanation?—*A.* The explanation is that I accepted Mr. Treadgold's word and acted as though everything he told me was a fact.

368.—*Q.* I am not questioning that. There is no mention then, so far as you are aware, prior to this letter of the 17th July, as to any Shares having been transferred from Ottawa, to take care of the Interim Certificates which you had issued?—*A.* In the letters you put before me, no. That is not the whole file of correspondence, and I cannot bind myself as to what is in that, without I see it. 30

369.—*Q.* I have not got that. Have you got it; by all means look at it if you have.—*A.* I have not got it here.

370.—*Q.* Where is it now?—*A.* The remainder of the file?

371.—*Q.* Yes.—*A.* Probably packed away somewhere or other among my papers.

372.—*Q.* Why did you select those particular letters then?—*A.* I selected those particularly at the request of Mr. Hellmuth, Counsel for Mr. Treadgold, in the case at Toronto.

373.—*Q.* Those were the only letters you produced?—*A.* No, I produced the whole file there. 40

374.—*Q.* And he selected those?—*A.* Yes.

375.—*Q.* Is the history of that that he selected them?—*A.* We went through the file and sought out a few. He had put a question to me, with which I could not agree, and to prove it otherwise, those few letters were selected from the whole file, which brought up my statement to fact.

376.—*Q.* Have you any reason to suppose that any Shares were transferred to you before. Have you any reason for suggesting this is not

the first time Shares had been transferred ?—*A.* I was constantly sending them accounts of Shares that had been issued, Canadian Certificates—I expect there is one amongst those—which had been transferred to the London Register. I sent them a copy of the London Register, and they had not raised any query upon that at all.

377.—*Q.* What I am putting to you now is that those communications were communications solely to keep them posted as to what Mr. Treadgold was doing, and not for the purpose of getting any transfers ?—*A.* I cannot agree with your supposition, that is all.

10 378.—*Q.* Except in so far as the Shares on the Canadian Register were actually presented to be transferred to the London Register. That would be a matter for them ?—*A.* Except the Canadian Certificates ?

379.—*Q.* Yes.—*A.* That would be a matter for them, and in the meantime they were receiving all my lists of Shares issued, and they were raising no query at all about them.

380.—*Q.* Amongst these reports that you sent from time to time, did you ever send them any report as to money which had been paid in for Preferred Shares ?—*A.* I do not know, I cannot remember.

20 381.—*Q.* I am putting it to you that you never said anything about money ?—*A.* I cannot contradict you about that : I am not at all sure.

382.—*Q.* The reason for that is because the money was not the property of Yukon ?—*A.* That was not my opinion.

383.—*Q.* If you were sending lists of Shares, and if you were in charge of the office and not only a clerk—were you a clerk, or were you in charge ?—*A.* I was in charge.

384.—*Q.* You were in charge ?—*A.* Certainly.

30 385.—*Q.* Very well then, why did you not send accounts of money. Surely that is a most important thing ?—*A.* I cannot say. You see, even in, and also Mr. Treadgold had, from time to time, when he went back there, the whole list. I have made out thousands of lists for Mr. Treadgold. I do not want to exaggerate.

386.—*Q.* Well, say a considerable number.—*A.* A considerable number, some hundreds anyhow, of lists for Mr. Treadgold to take to Ottawa.

387.—*Q.* Up to the time that you received this letter, you had only issued Interim Certificates ?—*A.* Yes.

388.—*Q.* From that date onward, did you issue other Certificates ?—*A.* I do not think from that day onwards I issued any Certificates.

40 389.—*Q.* Not any at all ?—*A.* I do not think from that day onwards I issued any Certificates.

390.—*Q.* Not any at all ?—*A.* That is said with reserve, of course.

391.—*Q.* Did you remain on employed in London after that ?—*A.* Oh yes.

392.—*Q.* Until when ?—*A.* I am still in the employ of the Yukon.

393.—*Q.* Will you tell me exactly what your position is to-day : by what Company are you employed now, or what Companies, and what position do you actually occupy ?—*A.* I am the London Secretary.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

—
No. 24.
Frederick
William
Corbett.

Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

394.—*Q.* Of what ?—*A.* And the London Registrar of the Yukon Consolidated Gold Corporation Limited. I am the London Secretary of the New North West Corporation Limited, and Registrar.

395.—*Q.* So you occupy similar positions for both Companies ?—

A. Yes.

396.—*Q.* You told us this morning, with regard to the applicants for Preferred Shares, that some of them did not pay the amount which was necessary for them to acquire the total number of Shares for which they had applied ?—*A.* That is so.

397.—*Q.* The result was that eventually it was agreed that they should 10 receive—at any rate some of them, if not all—a number of Shares which would correspond to the amount which they had actually paid. Did you issue those Preferred Shares ?—*A.* Oh yes.

398.—*Q.* By whose authority ? Who was it that told you how this was to be done ?—*A.* Mr. Treadgold.

399.—*Q.* Not Martyn & Trask ?—*A.* No, certainly not—most decidedly not.

400.—*Q.* You are sure of that ?—*A.* Quite sure.

401.—*Q.* The only moneys which you received into the Martyn & Trask fund, if I understand you aright, were those which came from 20 applicants for Preferred Shares under the Scheme ?—*A.* Under the offer, yes.

402.—*Q.* I refer to it as a scheme, but I accept your word.—*A.* When one talks of “ the scheme,” I have always thought of the Granville Scheme.

403.—*Q.* Was this money paid by you directly into the Bank ?—*A.* Yes.

404.—*Q.* To Martyn & Trask's account ?—*A.* Yes.

405.—*Q.* It was drawn on by Martyn & Trask ?—*A.* Yes.

406.—*Q.* You had nothing to do with the drawing of it ?—*A.* No.

407.—*Q.* It was entirely a matter for them. Did not it seem to you 30 most extraordinary, if what you told me was your idea of the ownership of this money, that persons unconnected with Yukon should be drawing money out ?—*A.* I do not know that they were unconnected with the Yukon.

408.—*Q.* You know nothing whatever to connect them with Yukon ; we have dealt with that this morning ?—*A.* I have already informed you earlier to-day.

409.—*Q.* You told me, I think it was then, that you thought they were authorised by Yukon, or something to that effect ?—*A.* Yes, they were—Yukon Consolidated. 40

410.—*Q.* If they themselves had been Yukon Consolidated, as you say, surely there must have been some direct communication between Ottawa and themselves, which would pass through your hands ?—*A.* Between the Securities Committee and Ottawa ?

411.—*Q.* Yes.—*A.* I saw none.

412.—*Q.* So if there had been would you have expected it to pass through your hands ?—*A.* Yes, but I should not necessarily expect to see it.

413.—*Q.* Did not you open all the correspondence ?—*A.* Yes, except what was obviously of a private nature.

414.—*Q.* This would not be of a private nature, would it ?—*A.* No, but it might not have come to 8, Queen Street.

415.—*Q.* Where else had the Securities Committee an office ?—*A.* As the Securities Committee, nowhere else, as far as I am aware, but Mr. 10 Martyn has an office in the Temple.

416.—*Q.* But if the Securities Committee was something under the Yukon Consolidated, it is only natural that all correspondence should come to that office ?—*A.* Oh yes, a great deal of correspondence did.

417.—*Q.* But in no way were they ever recognised, as far as you know, by Yukon ?—*A.* I should not know. You see, most of the communications between anyone in London and the Board at Ottawa, took place through Mr. Treadgold.

418.—*Q.* But as far as you know, no communications whatever took place officially, between the Yukon Board in Ottawa and Martyn & Trask ? 20 —*A.* I should prefer to put it that so far as I remember, none took place.

419.—*Q.* When I say “so far as you know,” it can only be so far as you remember ?—*A.* Yes, but I might have notes or something if I looked them up ; I do not know.

420.—*Q.* You were asked whether there was any limit as to the number of Shares which were to be issued ?—*A.* Yes.

421.—*Q.* As regards the Preferred Shares, did you have any limit there ?—*A.* Well, the limit was fixed by the applications.

422.—*Q.* No, I do not mean that. Limitation of the number you 30 issued, was what I asked you. Was there any limit to the number of Shares you might issue ?—*A.* During the time I was in the office, and the application forms for Preferred Shares were coming in, there was only an application for 200 Shares that came in during the absence of Mr. Treadgold from London.

423.—*Q.* That is not quite an answer to the question. Had you any limitation. For instance, were you told : you must not issue more than 6, or you must not issue more than 600,000 ?—*A.* No, but Mr. Treadgold was constantly going through the list as to how many had been applied for, and no question was raised by Mr. Treadgold that too many were being issued, 40 or too few.

424.—*Q.* Then I take it no limit was ever discussed between you ? —*A.* Oh no.

425.—*Q.* You said in answer to my learned friend, something about the number was not to exceed $3\frac{3}{4}$ millions. Was that because of the Agreements of the 11th and 19th February, 1925 ?—*A.* Obviously, although I probably did not know that at that time.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.

Cross-exa-
mination on
Commission
by Mr.

Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*
—
Defendant's
Evidence.
—
No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

426.—*Q.* Did you ever see copies of the Agreements; I will not say “the Agreements,” because you would not see those?—*A.* Have I ever seen them?

427.—*Q.* Yes.—*A.* Oh yes.

428.—*Q.* Do you know when you first saw them?—*A.* When I first saw the Agreements would be a long time after I went to the office.

429.—*Q.* You did not know all about them before you went?—*A.* No. I knew of the Goldfields sale, that was all, and I knew that certain other securities had been secured.

430.—*Q.* The next thing I want to come to is the Ordinary Shares. 10
You issued these provisional Certificates for the Ordinary Shares?—*A.* Yes.

431.—*Q.* And those were marked “Interim Certificates?”—*A.* Yes.

432.—*Q.* Who signed them?—*A.* Mr. Smallman and myself.

433.—*Q.* And they were issued when Shares were brought in for exchange?—*A.* They were issued in satisfaction of exchanges yes.

434.—*Q.* And in the meantime, they remained Interim Certificates?—*A.* Yes.

435.—*Q.* They did not become actually effective Certificates, I take it, until after you received this letter of the 17th July, 1929—before the Yukon Company actually recognised them?—*A.* Oh no; that had nothing 20
to do with it at all; as a matter of fact, those Interim Certificates were not called in till last year.

436.—*Q.* They were not?—*A.* No.

437.—*Q.* Why; was there still a question as to their validity?—*A.* No, I do not think so. I never heard any question as to their validity at all.

438.—*Q.* You have always heard of them as regarded as being of the same value as the Ordinary Certificates?—*A.* Surely.

439.—*Q.* Did you have other Certificates of the Yukon deposited with you?—*A.* Did I have what? 30

440.—*Q.* Did you have any Canadian Certificates of the Yukon Company issued in Canada, deposited with you besides those that were deposited with you to be transferred to the London Register?—*A.* No.

441.—*Q.* For these Certificates which you issued, when you issued them, you received certain other securities before you issued them?—*A.* Yes.

442.—*Q.* And they were issued in accordance with the general scheme of exchange?—*A.* Yes.

443.—*Q.* Just attend to this: I read you this morning a letter from Chrysler & Chrysler, in which 3¼ million Shares had already been issued. 40

Mr. ST. JOHN FIELD: You mean Chrysler & Chrysler said?

Mr. FITZROY: Chrysler & Chrysler said under the Agreements in that letter. “The Secretary, Mr. J. B. Watson, has informed us that the Stock record of the Company shows total Stock issued, Preferred 500,000 and Ordinary 3¼ million under the Agreements of the 11th and 19th.” The following Shares were issued: the whole of the 500,000 Preferred Shares

were issued under Parcels 1, 2, 3 and 4; of the Ordinary Shares, 141,616 were issued under parcel 1; 316,360 under parcel 2; 600,424 under parcel 3, and 2,191,600, making a total of $3\frac{1}{4}$ million Shares.

Mr. ST. JOHN FIELD : I ask my learned friend whether it is his case that that statement is true?

Mr. FITZROY : Yes.

Mr. ST. JOHN FIELD : It is?

Mr. FITZROY : Yes.

10 Mr. ST. JOHN FIELD : What, in pursuance of the Agreement of the 11th February?

Mr. FITZROY : Yes.

Mr. ST. JOHN FIELD : I should like that on the note.

Mr. FITZROY : The Shares were issued under the Agreement of the 19th February, not the 11th.

444.—*Q.* If this be correct, that these Shares were issued and no further allotment had been made, how could these Shares which were then being issued as Interim Certificates, ever be real Shares in Yukon until some further steps were taken?—*A.* I am not responsible for that letter; I know nothing about it.

20 445.—*Q.* And you have no reason to suppose that Messrs. Chrysler & Chrysler, who were two Directors, are not speaking the truth?—*A.* I do not intend to discuss Messrs. Chrysler & Chrysler's letter or attitude.

446.—*Q.* What I am putting to you is this : that the $3\frac{1}{4}$ million Ordinary Shares had been issued, and until some further allotment was made, no Shares really could be issued ; and that is why yours are marked, " Interim Certificates " ?—*A.* That is not the reason they were marked " Interim Certificates."

447.—*Q.* Then why do you suggest they were marked " Interim Certificates " ?—*A.* When Mr. Treadgold had those Certificates printed, they were not, as you see, marked " Interim Certificates."

30 448.—*Q.* No.—*A.* He took a specimen with him to Ottawa for the approval of the Directors. Then he came back and said that the Directors were not altogether in approval of the wording, and would require a little alteration. At that time there was a considerable number of people worrying for their Certificates, and to meet that, Mr. Treadgold, I believe after consultation with Mr. Smallman, thought the best way to do it was to put the words " Interim Certificate " on, and when the Board in Ottawa had finally settled the draft of the London Certificate, they could be called in and replaced with them.

40 449.—*Q.* What I am putting to you now is this : that in order to see that these Certificates should be honoured or made real Certificates by the Yukon Consolidated, certain other Certificates of Shares which had already been issued, were placed in the hands of Mr. Watson, the Secretary. Do you know anything about that, or do not you?—*A.* No.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

450.—*Q.* If you do not know anything, say so.—*A.* I do not know what took place in Ottawa.

451.—*Q.* The Certificates eventually were issued as against Certificates which had already been issued, and the result of this was that the property in the securities that had been lodged, remained the property of either Martyn & Trask or Mr. Treadgold, who negotiated the exchange, and that accounts for the sale, on the 12th July, of the securities to the Yukon Company.—*A.* I cannot agree.

452.—*Q.* At any rate, you took no part in those negotiations, I take it?—*A.* The negotiations of July 1929 in Ottawa? 10

453.—*Q.* Yes.—*A.* No, I did not.

454.—*Q.* Nothing at all. Your only part was the collecting of the securities and issuing Interim Certificates, and Mr. Treadgold, you told me, took the securities which had been lodged, with him to Ottawa?—*A.* That is right.

455.—*Q.* And there the matter, so far as you were concerned, ended?—*A.* Surely.

456.—*Q.* That is your position is it not—really your position?—*A.* That is my position, yes.

457.—*Q.* You were asked about the Martyn & Trask account which 20 was kept at the Bank of Montreal, Threadneedle Street Branch. I think you gave an explanation of the money getting into Martyn & Trask's account was because Yukon had not got a banking account?—*A.* Yes.

458.—*Q.* Surely the Yukon Company could have a banking account at any time?—*A.* I did not catch that.

459.—*Q.* Surely the Yukon Company could have got a banking account at any time?—*A.* They could have had. They could have opened an account.

460.—*Q.* And if they had money which belonged to them being paid in, they would have had an account?—*A.* It does not follow. 30

461.—*Q.* You said it does not follow; you will agree with me it is a most unlikely thing that a Company should allow money which belonged to it, to be paid into someone else's account?—*A.* Responsible people.

462.—*Q.* Without any check whatever upon them?—*A.* No—I do not follow.

463.—*Q.* I am putting it to you that the real reason was, of course, that the money was never their's at all.—*A.* I cannot agree, that is all.

464.—*Q.* You also were asked whether it was ever suggested to you that these subscriptions were not subscriptions for Shares in the capital?—*A.* I have not got the whole of that. 40

465.—*Q.* I think really as a matter of fact I have dealt with that before, so I do not wish to say anything about that. Just pass that. The total number of Ordinary shares which you dealt with, you gave us as 862,931 which was issued, after you had received certain securities which were turned in. (*F.W.C. 8 handed to witness.*) That gives 862,931 issued against securities?—*A.* Yes.

466.—*Q.* There were 219,843 from Granville, 37,247 on the requisition of the Granville Liquidator, and 599,739 with regard to the New North West Corporation?—*A.* Yes.

467.—*Q.* And 6,100 for subsidiary Companies, the Calder & Dominion Companies?—*A.* Yes.

468.—*Q.* That makes 862,931. Then there were other Shares issued on Mr. A. N. C. Treadgold's instructions, in respect of which no securities were given, and 359,551 transferred from the Register?—*A.* Yes.

10 469.—*Q.* First of all the 862,931, were those issued by you in accordance with the various circulars which we have already had?—*A.* Yes.

470.—*Q.* What did you do with the securities?—*A.* They were kept in the office till Mr. Treadgold went to Ottawa, when, as I told you, he took a large number with him; and the other lists, those that came in subsequent to that denudation, were either taken by Mr. Treadgold or in some cases sent by myself to Ottawa.

471.—*Q.* Did you go to Ottawa yourself then?—*A.* No.

472.—*Q.* Did you ever take any securities yourself to Ottawa?—*A.* No.

20 473.—*Q.* You did go later?—*A.* Mr. Troop tells me I took one or two securities when I went to Canada in 1931.

474.—*Q.* Those are not securities that are mentioned here?—*A.* No.

475.—*Q.* They were acquired later?—*A.* They were acquired later.

476.—*Q.* The next lot, 19,823 you say were issued under Mr. Treadgold's orders?—*A.* Yes.

477.—*Q.* When you say that they were issued under Mr. Treadgold's orders, do you know what they did give for these Certificates?—*A.* What the people who got the Yukon Consolidated Shares gave for them?

478.—*Q.* No, what the people paid for them who got them—what they gave for them?—*A.* No.

30 479.—*Q.* You do not know anything about that?—*A.* There are two or three lists there. I think they are self-explanatory, but if you do not understand them, if I can have a look at them, I shall be very pleased to explain them.

480. The COMMISSIONER: I do not think you quite followed the question. The question was, what did the people to whom Certificates were issued pursuant to Mr. Treadgold's orders give for those Certificates?—*A.* As far as I know, nothing.

481. Mr. FITZROY: Why do you say that. Did you see any of the people; did you talk to any of them?—*A.* I may have or may not.

40 482.—*Q.* Did you ever ask whether they had given anything for them?—*A.* No.

483.—*Q.* Then why do you say they gave nothing?—*A.* Because it is a self-evident fact.

484.—*Q.* Why is it?—*A.* Because Mr. Treadgold often referred to these as people who must have something.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

485.—*Q.* He referred to them as people who must have something; does that mean that they gave nothing? Why do you put that interpretation upon that remark?—*A.* Because it is the fact.

486.—*Q.* Why is it a fact?—*A.* Mr. Treadgold told me that.

487.—*Q.* He told you what?—*A.* That they must have something.

488.—*Q.* Yes, but that is not what I asked you. You were saying a moment ago they gave nothing for them, which is quite a different thing. Do you know whether they gave anything or not?—*A.* They gave nothing into the London Office of the Yukon Corporation for those Certificates.

489.—*Q.* That is to say, nothing came into your Office?—*A.* No. 10

490.—*Q.* Nothing?—*A.* No.

491.—*Q.* That is as far as you can go?—*A.* Of course it is.

492.—*Q.* That is quite a different thing from saying they paid nothing?

The COMMISSIONER: He did not say they paid nothing; he said: "As far as I know, they gave nothing," which is the exact position you have now reached.

493. Mr. FITZROY: Now the other portion, the third one, is quite self-explanatory, is it not: that they were actual Shares of the Yukon Company which were on the Canadian Register, and they were requested to be transferred to London by the actual owners. That explains itself? 20
—*A.* Yes. They brought in, amongst them, 359,551 Shares in Canadian Certificates, and received London Certificates for a similar number of Shares."

His LORDSHIP: What is the meaning of that?

Mr. McLAUGHLIN: These were all shares that were preferred and common and part of shares that went out as part of the February, 1925, agreement. Mr. Treadgold, I presume, had a lot of them, although they were dealt with by the people who were entitled to them through the witness. The others were not treasury shares but shares that belonged to private individuals. 30

His LORDSHIP: These were not shares that were transferred from Ottawa to the London office?

Mr. McLAUGHLIN: In respect of these shares they were probably on the Ottawa register in the name of Treadgold or the North Fork, and they would be transferred from the Ottawa register to the London Register, remaining in the names of the shareholders in whose names they were already registered.

His LORDSHIP: They were not treasury stock which had been sent from Ottawa to London.

Mr. McLAUGHLIN (*reading*):— 40

"494.—*Q.* Now when these Canadian certificates were brought in and handed to you and you thereupon issued Certificates from the London Register in exchange, did you mark 'cancelled' across them?—*A.* Certainly."

HIS LORDSHIP: I do not understand that question. There was only lot of certificates to issue. That certificate which you have received and have issued another one, what did you do with the one sent to Ottawa? Assume there is a certificate issued to Brown, and Brown sends it to London, and it is registered in London, would Brown have to obtain another share certificate?

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

Mr. McLAUGHLIN: Supposing this is a Certificate that has been on the Canadian Registry and has been allotted, and it is in the name of Mr. Treadgold or Mr. "A," and he sells the shares that are represented by the certificate and a new certificate goes out to the new shareholders. Then the old certificate goes back to Ottawa and is pasted back in the stock certificate book, marked "cancelled."

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

Mr. McLAUGHLIN (*reading*):—

"494.—*Q.* Now when these Canadian Certificates were brought in and handed to you and you thereupon issued Certificates from the London Register in exchange, did you mark "cancelled" across them?—*A.* Certainly.

495.—*Q.* And handed them a genuine Certificate; you did not have any Interims on that, did you?—*A.* Yes, I should say on most of them, because there was only the one lot of Certificates to issue.

496.—*Q.* And that Certificate which you had received and issued another one for: what did you do with that one?—*A.* Sent it to Ottawa.

497.—*Q.* Did you send that at once, or did you wait and put it in with the other Securities?—*A.* No, it went at once; within a mail or two it would be forwarded.

498.—*Q.* They were in a different category from the other things you were dealing with. Whom did you send those to?—*A.* To Mr. Watson.

499.—*Q.* He was the Secretary of the Yukon Consolidated?—*A.* The Secretary of the Yukon Consolidated.

500.—*Q.* Was there any difference between these Certificates which were exchanged for Certificates which were actually held by the individuals who presented them, on the Canadian Register, and the Interim Certificates which you were issuing to the people who had brought in other Securities?—*A.* They were all issued out of the same book.

501.—*Q.* And were exactly the same?—*A.* Exactly the same.

502.—*Q.* No distinction made between them at all?—*A.* None at all.

503.—*Q.* So that there was no difference between the Certificates, and the only difference between the parties was that one was actually a holder of Yukon Shares beforehand and the other was not, obviously, until he received the Interim Certificate, the exchanged one?—*A.* No.

504.—*Q.* As regards the Certificate, there was no difference, you say?—*A.* None at all.

505.—*Q.* Now a question about the Granville Liquidator. He got 37,249 Shares. What was that for?—*A.* When the Granville scheme came into operation, Sir Harold Moore, the Liquidator, sent circulars round to the holders of Securities in the Granville and asked them to send

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

them in. As they sent them in, he sent a requisition round to me for me to issue Shares to the previous holders of Granville.

506.—*Q.* That was under an Order of the Court directing the scheme to be carried out, was it not?—*A.* Yes.

507.—*Q.* There was an Order of the Court?—*A.* Yes.

508.—*Q.* And there were three sets—supposing I say there were three distinct lots, then, of Granville Securities, or three distinct bundles. One would be the bundle which Yukon had acquired under the 1925 Agreements; they acquired quite a lot, did they not, under the 1925 Agreements?—*A.* Yes. 10

509.—*Q.* The second would be a bundle which was acquired through Martyn & Trask?—*A.* You are putting them into bundles, but I do not recognise any difference. They all came.

510.—*Q.* And there is another bundle, a third bundle, which was that bundle from Martyn & Trask, which was eventually the bundle which Treadgold dealt with under the 1929 Agreement. Do you know that?—*A.* No, I do not know anything about the 1929 Agreement.

511.—*Q.* You do not know anything about that?—*A.* No, I was not in Ottawa.

Mr. ST. JOHN FIELD: What is my learned friend saying? Things 20 that were bought in 1925 would not come under the scheme.

Mr. FITZROY: Yes, they did. They would come under the scheme, surely, in so far as that the Yukon Company had a right to participate to a certain extent. It was part of their own property.

Mr. ST. JOHN FIELD: Does my learned friend really suggest that the Yukon Company issued its own Shares in payment of things they had already bought?

Mr. FITZROY: No, I am not suggesting that.

Mr. ST. JOHN FIELD: Then I do not understand what you are talking about, and I do not see how the witness can. 30

Mr. FITZROY: That was not what I was directing my mind to.

Mr. ST. JOHN FIELD: May we have a question, please?

Mr. FITZROY: No—this witness cannot possibly answer about that, so that I do not propose to ask him.

512.—*Q.* Now these particular Ordinary Shares which you issued the Interim Certificates for were not actually acknowledged by the Yukon Company, despite what was done, until you had the letter from Watson in July, 1929?—*A.* No.

513.—*Q.* For the simple reason that the 3¼ million Shares had already been allotted, and until a new allotment had taken place, or until some 40 of those already out had been surrendered for re-issue, it was impossible to allot these Shares?

Mr. ST. JOHN FIELD: I object. That is not a question; it is a statement by my learned friend, which is wholly inaccurate.

514. Mr. FITZROY: There is one other thing here which you were asked; that was about payments which you yourself made. There was a question about £150 which was sent by Treadgold, I think, and £600 which you drew from the Martyn & Trask Account?—A. Yes.

*In the
Supreme
Court of
Ontario.*

515.—Q. And apparently you drew it for a particular purpose which you decided not to carry out. You told us afterwards that you put the £750 into the credit of the Yukon Corporation, and that afterwards the Directors dealt with it. Do you know what they did?—A. Of my own knowledge, no.

Defendant's
Evidence.

—
No. 24.

Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

10 516.—Q. You heard no more about it yourself?—A. No. I know the Account was closed; that is all I know.

517.—Q. I want to ask you about the Shares which Mr. Beatty got. First of all, when did you issue Shares to Mr. Beatty?—A. Sometime in 1929, I think, on the deposit of a Canadian Certificate for 141,000 odd Shares to be transferred to the London Register.

518.—Q. What did you issue for them—Interim Certificates?—A. Yes.

519.—Q. For how much?—A. 141,161, I think.

520. Mr. ST. JOHN FIELD: 141,616 was the Agreement figure?—A. I know it was 141,000, but I cannot remember the odd figures.

20 521. Mr. FITZROY: Did you issue any other Certificates to him?—A. No—subject to correction, on looking through the Register.

522.—Q. What about the Selection Trust; were they part of Beatty's interests?—A. I must refer you to the Selection Trust for that answer.

523.—Q. Did you issue any other Certificates besides these 141,616, or whatever it was, to Mr. Beatty?—A. I do not remember doing so—but subject to correction, as I have said, on looking through the London Register.

524.—Q. Just take the list and see, will you?—A. That is no good; that is only part of the lot.

30 525.—Q. Have you got the whole list?—A. I do not know whether we have got it here or not; it means getting the Registers or the Exchange Books.

526.—Q. Have you got any list of all the Shares issued here?

Mr. ST. JOHN FIELD: I object. It is perfectly obvious, and has been obvious throughout this case, that Mr. Treadgold is sitting next to my learned friend acting the part of a solicitor instructing him and suggesting the questions that he should ask the witness. I protest against that as being quite improper, and I wish that to go on the Note.

40 527. Mr. FITZROY: Have you got nothing which will shew what you did issue to Mr. Beatty?—A. I could obtain it. I have not got it here. It means going through the whole of my Exchange Books to see what Shares I did issue and what Shares I did not.

Mr. ST. JOHN FIELD: I object to this as being wholly irrelevant.

The WITNESS: There were some 5,000 Certificates issued, and I do not carry in my head what every one was.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Cross-exa-
mination on
Commission
by Mr.
Fitzroy—
continued.

528. Mr. FITZROY: Do you remember whether you gave him any other Shares other than those under the Agreement?—*A.* I did not give him any Shares at all except in exchange for a Canadian Certificate.

529.—*Q.* Nothing except what was in exchange for a Canadian Certificate?—*A.* That is so.

530.—*Q.* That is the only thing?—*A.* Yes. I had nothing to do with Mr. Beatty's exchange.

531.—*Q.* Just look at this Schedule to the Beatty Agreement? (*Exhibit "J.A.D. 1." handed.*)—*A.* I do not know that I can do much with it, but still.

532.—*Q.* Can you tell me whether the North West Common Shares were given in by Mr. Beatty?—*A.* What do you say?

533.—*Q.* Were there any North West Common Shares surrendered by Mr. Beatty to you?—*A.* I think there were some New North West Common and Preference "A." I had forgotten that for the moment. I cannot remember the number without looking up my Exchange List.

534.—*Q.* But that is right?—*A.* Yes, I beg your pardon, I had forgotten that.

535.—*Q.* I just want this fact from you. There is no North West Common mentioned in that Schedule to the Agreement?—*A.* Well, by "North West Common," I presume you mean New North West?

536.—*Q.* Yes—New North West Common?—*A.* Yes.

537.—*Q.* And as regards any Shares of the New North West Common which were surrendered by Mr. Beatty, he would naturally have received from you an Interim Certificate for those Shares in accordance with the List?—*A.* If Mr. Beatty surrendered any New North West Securities that he had not been paid for, I have no doubt that I issued to him Interim Certificates for them.

Mr. FITZROY: Thank you, I think that is all I want."

RE-EXAMINATION by Mr. ST. JOHN FIELD.

Re-exa-
mination
by Mr. St.
John Field.

Mr. CALVIN (*reading*):—

"538.—*Q.* Just a few questions in re-examination. It has been suggested to you by my learned friend, as I understand it, that Messrs. Martyn & Trask had nothing to do with the Yukon Consolidated Gold Corporation Ltd. but you have produced today a considerable number, or perhaps I should say several documents sent out by Messrs. Martyn & Trask, all of which emanated from 8 Queen Street. Could they have been sent out without Mr. Treadgold's knowledge?—*A.* No.

539.—*Q.* Or without his approval?—*A.* No.

540.—*Q.* Then you were asked about a letter that Messrs. Chrysler & Chrysler apparently wrote, addressed to Lawrence Harrison?—*A.* Yes.

541.—*Q.* It is a letter in which they purport to state what Mr. Watson told them about the state of the Share Register?—*A.* Yes.

542.—*Q.* As to which you rightly say you take no responsibility for what they said; but they refer to the Agreements of the 11th and 19th February?—*A.* Yes.

543.—*Q.* You are sufficiently familiar with those Agreements now, are you not, to remember that, whereas in the 19th February Agreement the Securities are lumped together and are to be sold for 3¼ million Common and 500,000 Preferred, in the Agreement of 11th February the Securities are separated up into the four parcels?—*A.* Yes.

10 544.—*Q.* And you observe that in this letter they purport to state that under the Agreements of 11th and 19th February, 1925, the following Shares were issued: Parcel 1 (that is the Beatty parcel), 45,000; parcel 2, (that is the Govett parcel), 75,000; parcel 3 (the Gold Fields parcel), 94,000; parcel 4 (which was the Patton and Lawrence Harrison parcel), 286,000. Do you know how the Gold Fields were paid for those?—*A.* Cash.

545.—*Q.* If they say in this letter addressed to Harrison of the 28th November, 1927, that 94,000 Shares were issued under the Agreement of the 11th February to Gold Fields, can that be true?—*A.* Gold Fields did not receive them.

20 546.—*Q.* No. Or again, can it be true that 286,000 Shares in respect of parcel 4 were issued?

Mr. FITZROY: Gold Fields are not a party to the 11th February Agreement.

Mr. ST. JOHN FIELD: Does my learned friend think that interruption helps?

547.—*Q.* Now the other thing you were asked about was this; you were asked about a letter on page 844 of the old Volume 4 of the Trial evidence—a letter of the 20th January, 1928, written, though apparently not signed, by you, to the General Mines Investment Limited?—*A.* Yes.

30 548.—*Q.* My learned friend suggested to you that you said: "I am not authorised Agent for any of the above Companies." May I read the whole sentence: "Further, I must point out that I am not authorised Agent for any of the abovementioned Companies and have no authority at all to deal with any correspondence in relation thereto."?—*A.* Yes.

40 549.—*Q.* And then his Lordship asked "Who signed that?" and *Mr. Hellmuth* said: "It is not signed, but *Mr. Corbett's* letter of 20th January, 1928, says: 'Enclosed please find copy of a letter which on the advice of *Mr. R. S. Smallman*, our legal adviser, I have forwarded to The General Mines Investment, Limited.'" So that that letter, whether accurate or not, was written on the advice of *Mr. Smallman*, who was acting as Solicitor, was he not, to the Yukon Company, Limited?—*A.* Certainly.

550.—*Q.* And in point of fact, whether you were authorised to deal with correspondence, as I see the letter referred to the "receipt of books, papers, etc., as per Schedule enclosed," were you acting on the instructions of the President collecting money and issuing Shares of the Yukon?—*A.* I was.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.

Frederick
William
Corbett.
Re-exa-
mination on
Commission
by *Mr. St.
John Field*
—continued.

*In the
Supreme
Court of
Ontario.*

Defendant's
Evidence.

No. 24.
Frederick
William
Corbett.
Re-exa-
mination on
Commission
by Mr. St.
John Field
—continued.

551.—*Q.* And although it is suggested that you had not any Shares to issue, have those people, all of them, at this day, got their definitive recognised Certificates?—*A.* That is so.

552.—*Q.* You told my learned friend that you accepted that everything that Treadgold told you was the fact. Did it always turn out that what Mr. Treadgold told you was a fact?—*A.* No.

553.—*Q.* It is suggested there was no check on Mr. Martyn and Mr. Trask in respect of His Bank Account. Who really was in charge of his Bank Account?—*A.* Myself—except that I did not myself draw cheques or sign cheques. 10

554.—*Q.* But who did draw the cheques?—*A.* Well, I may have written some out, but I think mostly either Mr. Martyn or Mr. Trask wrote them out and signed them, and in every case, except those in the case of Mr. Treadgold, they handed them to me, and I passed them on.

555.—*Q.* But where was the Cheque Book kept?—*A.* In the safe in the Office at 8 Queen Street.

556.—*Q.* I do not quite understand. Is there any checking to be done? The control was in the Office?—*A.* Surely.

557.—*Q.* Which you tell me was the Office of the Yukon Company?—*A.* Yes, that is so. 20

Mr. ST. JOHN FIELD : Thank you, Mr. Corbett."

EXHIBIT No. 111. Filed by Mr. Robertson. Commission evidence.

No. 25.
Discussion.

No. 25.
Discussion.

Mr. MASON : With regard, my lord, to the huge mass of books relating to the transaction of these companies, I am going to submit to you that they are irrelevant, and for the reason I am not going into any reply with regard to this mass of documents. I am going to ask you to receive two documents, but they are very limited. With regard to the relevant 30 evidence, my lord, after going over it pretty carefully I have come to the conclusion there could be little I could reply to within the strict limits of reply. I would not be justified in retaining in Canada the witnesses I have from overseas. That brings me to this position in respect to two documents that I wish to put in. If my friend has the slightest objection to these being received I will not persist. I want my friend to produce a report of the Annual General Meeting of the Yukon Company held in 1932, which contains the Consolidated balance sheet of 1930 and 1931, showing the profits and losses of 1931. The only other document is a letter I think which has been referred to in the evidence, but not produced. I say that 40 with some hesitation. It is a letter from Mr. Troop to Mr. Smallman with respect to the London Office, dated 19th March, 1931.

Mr. CALVIN : In Mr. Robertson's absence my submission is in regard to these documents it is not a proper place to put them in. I would prefer to wait until Mr. Robertson came.

Mr. MASON : I am trying to suit your convenience as you have nothing else to detain you. I am afraid Mr. Robertson will not be here for half an

hour at the earliest. I was going to suggest the whole matter might stay until a date you fix for argument and Mr. Calvin will be able to inform the Court whether there is any objection, and we could tell your Lordship.

Mr. CALVIN : Are you putting in any viva voce evidence ?

Mr. MASON : That is all the Reply.

His LORDSHIP : Mr. Calvin will no doubt tell you at some time.

Mr. MASON : If my friend can advise me.

Mr. CALVIN : I can easily let my friend and your Lordship know on Monday.

*In the
Supreme
Court of
Ontario.*

—
No. 25.
Discussion
—continued.

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(Adjourned sine die.)

TORONTO, December 5th, 1935.

(Case Resumed.)

Mr. MASON : When we were last dealing with this case my friend Mr. Robertson was absent for a short time and the question arose as to the admission of two documents which I propose to tender. In respect to one of these documents I understand my friend is unwilling that it should be put in. There is no objection to the other.

His LORDSHIP : Which document ?

Mr. MASON : The document which I wish to put in as 112 is a letter
20 from Mr. Troop, addressed to Mr. Smallman dated 19th March, 1931 in which he says :

“ In reply to your letter of the 19th January, 1931, I am instructed by the Board of Directors of the Company to inform you that the Yukon Consolidated Gold Corporation Limited has not established or authorized the establishment of an office in the City of London, England, nor has it authorized the rental of such an office in any manner whatsoever.

EXHIBIT No. 112 : Filed by Mr. Mason : Letter Troop to R. S. Smallman, dated March 19th, 1931.

Mr. MASON : I tender, my lord, a report of the Annual General Meeting
30 of the Yukon Consolidated Gold Corporation Limited, in a printed form dated November 9th, 1932, which appears in the same printed pamphlet with the Consolidated balance sheet December 31st, 1931, and a statement of Profits and Losses, 1930-1931, and as it is a document which should be produced by my friend I ask my friend to produce this document. My friend has some objection to its going in.

Mr. ROBERTSON : I do not think it is proper evidence in reply. I have
no objection to him putting in the balance sheet that is here, but this
document contains a report of a speech made by the President of the
Company to the shareholders at the time of the meeting, and I object to
40 that going in.

*In the
Supreme
Court of
Ontario.*

No. 25.
Discussion
--continued.

His LORDSHIP : What do you say in regard to that ?

Mr. MASON : It is a report put out by the defendant company to its shareholders, and there is Mr. Patton who gave evidence, who was the Manager of the Company and the Chairman who made a statement as to the financial position of the Company in 1931. If I had known of the existence of the document when Mr. Patton was in the box I would have cross-examined him on it. This statement was made by a witness who was also in the box, and made by him in his official position as Manager of the Company and Chairman of the meeting. I say having regard to the fact he has given evidence here it is admissible. I am satisfied to put the whole of the document in, but the part I want is the statement made by Mr. Patton as to the financial position of the Company, which was the crucial time in 1930. 10

Mr. ROBERTSON : The document is not properly in reply. My friend gave evidence in chief as to the financial position of the Company in 1930. That was part of his case in chief.

Mr. MASON : No, I didn't.

Mr. ROBERTSON : My friend has forgotten he gave quite a little evidence one way or the other. I gave evidence through Mr. Troop in answer to it. My friend is now preparing to add some more evidence of the same kind. Taking if these were documents of the Company one would not be very particular about it. The statement of the President made at the meeting does not make the company responsible for what he has said. 20

His LORDSHIP : After all, if the document had been in Mr. Mason's hands at the time Mr. Patton was in the box he could have cross-examined him.

Mr. MASON : Yes, and as to the then position of the company in 1930.

Mr. ROBERTSON : It goes on to deal with the question at a later time. If my friend wants to call Mr. Patton and give him an opportunity of saying what the proper meaning of his remarks were— 30

His LORDSHIP : I was about to suggest that. Mr. Patton is here. So much has gone under the bridge since then. I can call him. Will you produce him ?

Mr. ROBERTSON : I told my friend Mr. Patton would be here and Mr. Troop also.

Mr. MASON : If I might examine Mr. Patton on this point I would be glad to do so.

No. 26.

Evidence of John Thomas Patton (recalled).

In the Supreme Court of Ontario.

Plaintiff's Evidence in Reply.

No. 26.

John Thomas Patton recalled. Examination by Mr. Mason.

JOHN THOMAS PATTON, recalled. EXAMINATION by Mr. MASON :

Q. Mr. Patton, you made an address to the shareholders of the defendant company on the 9th of November, 1932?—A. I did.

Q. Did you in the course of the address make the following statement :

10 " You may appreciate the point which conditions had reached when I say that it was only by reason of the personal guarantee of two of the Company's employees that the Company was enabled to obtain supplies with which to commence operation in the season of 1930. The year 1930 ended in virtual bankruptcy. At the commencement of the 1931 season no advances whatever could be obtained from the bank. There were arrears of wages amounting to \$12,000, a liability for necessary dredge parts of \$30,000, and other heavy liabilities."

Did you make that statement?—A. That was the financial position of the Company at that time, but it had nothing to do with the value of the property. That is stated in another paragraph.

Q. I am asking as to the financial position at the time.—A. Yes.

20 Q. You go on to say :

" In addition the April and May payrolls totalling \$73,000 and the requirements for provisions and supplies amounting to \$30,000 had to be arranged."

Did you make that statement and was that true?—A. Yes.

Q. " With the consent of the Company's employees, payment of wages for February, March, April and May was deferred until June 15th." That was true?—A. Yes.

Q. You point out, I have no doubt, the position of the Company was such that the management had to improve and show an improved position?—A. Yes, take the gold out of the ground.

30 Q. You are referring to the financial position at that time?—A. Yes.

CROSS-EXAMINATION by Mr. ROBERTSON.

Cross-examination by Mr. Robertson.

Q. I want to call your attention to the paragraph immediately preceding the one my friend started in which you said :

" Since August, 1930, when Mr. Andrew Baird was appointed Manager of your Company in Klondyke progress has been made. This progress is not only a tribute to Mr. Baird's careful management. It shows the soundness of the Company's business and the intrinsic value of the property."

40 —A. I made that statement.

*In the
Supreme
Court of
Ontario.*

Plaintiff's
Evidence
in Reply.

No. 26.

John
Thomas
Patton
recalled.
Cross-exa-
mination
by Mr.
Robertson
—continued.

Q. You say this was with reference to the financial position of the Company, what did you mean by that?—*A.* If they failed and did not have funds to pay them at the time, they did not have the cash to pay. They paid large amounts that same year, and at the end of the year was practically free, had no cash in the bank. At the end of the next year it had \$139,000 cash in the bank. In June in 1932 the revenue of the Company was \$18,569 ; in 1931 it was \$854,000, or a profit, and a valuation in 1930 after deducting all expenses and just before depreciation was \$29,842, and the next year \$163,974.

Q. Mr. Baird became manager in 1930?—*A.* He was appointed 10
Manager.

Q. In succession to you?—*A.* In succession to no one. The power was taken out of Mr. Treadgold's hands. He was deprived of his power by the Board and Mr. Baird was appointed as a Receiver.

Q. Mr. Baird was appointed Manager in 1930?—*A.* He was appointed
Manager and Treasurer as well.

Q. This statement in the next paragraph had no reference whatever to the balance of assets and liabilities?—*A.* No.

Q. It had to do with the current financial position?—*A.* Yes.

His LORDSHIP: Are you dealing with the report? 20

Mr. MASON: No, my lord, that is quite sufficient.

Mr. ROBERTSON: I thought the document was in. I was examining on it. I think the document ought to go in.

EXHIBIT No. 113: Filed by Mr. Mason: Printed Report of Annual General Meeting of Yukon Consolidated Gold Corporation Limited, Nov. 9, 1932.

(Argument by Counsel.)

(Judgment reserved.)

No. 27.

Formal
Judgment,
15th Febru-
ary, 1936.

No. 27.

Formal Judgment of the Honourable Mr. Justice Jeffrey. 30

1. This Action coming on for trial on the 28th, 29th, 30th and 31st days of October, the 1st, 8th and the 22nd days of November and the 6th day of December, 1935, and the 20th day of January, 1936 at the sittings holden at the City of Toronto for trial of actions without a Jury in the presence of Counsel for all parties upon hearing read the pleadings and hearing the evidence adduced and what was alleged by Counsel aforesaid this Court was pleased to direct this action to stand over for Judgment and the same coming on this day for Judgment.

2. This Court doth order and adjudge that this action be and the same is hereby dismissed.

3. And this Court doth further order and adjudge that the Plaintiff do pay to the Defendant forthwith after taxation thereof its costs of this action including all costs which by the terms of any interlocutory Orders made in this action were reserved to be disposed of by the trial Judge.

Judgment signed the 19th day of February 1936.

Entered J. B. 65 pages 195-6.
February 19, 1936. H. F.

“ D'ARCY HINDS ”

*In the
Supreme
Court of
Ontario.*

No. 27.
Formal
Judgment,
15th Febru-
ary, 1936—
continued.

10

Registrar S. C. O.

No. 28.

Notice of Appeal of the Plaintiff.

Take notice that the Plaintiff appeals to a Divisional Court from the Judgment pronounced by the Honourable Mr. Justice Jeffrey on the 15th day of February, 1936, on the following grounds :

1. That the Defendant was estopped as against the Plaintiff from contending that the certificate for the shares in question was not properly issued.

20 2. That the Plaintiff became entitled to the said shares by reason of the bankruptcy of Vernon Wright Worsdale.

3. That the said Judgment was against the evidence and the weight of evidence.

4. That the said Judgment erred in law.

Dated at Toronto this 29th day of February, A.D. 1936.

McLAUGHLIN, JOHNSTON, MOORHEAD & MACAULAY,
302 Bay Street, Toronto, Ontario,
Solicitors for the Plaintiff.

To :

30 Messrs. Fasken, Robertson, Aitchison, Pickup and Calvin, Solicitors
for the Defendant.

*In the
Supreme
Court of
Ontario.*

No. 29.

Reasons for Judgment of the Honourable Mr. Justice Jeffrey.

No. 29.
Reasons for
Judgment,
26th Sept-
ember, 1936.

The Plaintiff in this action claims as trustee of V. W. Worsdale that he is entitled to 1,663,900 shares of the capital stock of The Yukon Consolidated Gold Corporation Limited. These shares were covered by certificate dated the 8th day of May, 1930, certificate 0369. There is a further claim in respect to another certificate numbered 0370; this certificate is for 116,100 shares. In respect of this certificate the plaintiff does not claim to be entitled to the 116,100, but that amount less 30,000 shares, or 86,100. This certificate, it appears from the evidence is in the hands of another holder, but the trustee claims that he is entitled to 86,100 shares out of the said certificate. 10

It is not disputed that in March, 1934, a demand was made upon the defendant company by Worsdale for the registration of the transfer of certificate 0369 and that demand was refused. This certificate is in the name of A. N. C. Treadgold.

There has been a great deal of litigation over the shares of the Defendant company, and in the Patton action, which was referred to at the trial there was a judgment by Mr. Justice Davis declaring and ordering delivery up of all shares certificates and shares registered in the name of Treadgold or Treadgold in Trust, and an accounting by Treadgold in respect of any other shares or properties which he may have dealt with, and the said Treadgold was restrained from dealing with any of the shares of the Defendant, the Yukon Consolidated Gold Corporation Limited. 20

V. W. Worsdale is an undischarged bankrupt, and he states that this certificate 0369 for 1,663,900 shares in the Yukon Gold Corporation Company Limited was transferred to him.

Accepting the evidence of Worsdale and Treadgold, they had been friends for a great number of years. Treadgold had an interest more or less in many companies operating in the Yukon Gold Fields, and Worsdale knew Treadgold had interests in the Yukon. 30

The story told by Worsdale and by Treadgold is that from time to time Worsdale rendered financial assistance to Treadgold, and I believe thought finally he would be recouped by him. Just what financial aid he had furnished to Treadgold does not appear from the evidence. One simply has to rely upon the evidence of Treadgold and Worsdale. There is nothing in writing to show what assistance or aid had been furnished to Treadgold and it seems quite evident that Worsdale hoped to be compensated for what he said he had done, if and when Treadgold made a success of his operations in the Yukon. 40

In 1920 Treadgold conceived the idea of consolidating certain mining companies operating in the Yukon. Worsdale says that in consideration for services which he rendered at that time to Treadgold, namely, advancing money and interesting other people in Treadgold's financial operations,

he and his friends were to receive a block of shares. If there was an arrangement or agreement of this kind it was not in writing. He says in the summer of 1930 he had not received any shares in the consolidated company nor had any of his friends, and at that period became aware of the fact that the consolidated company was being sued by Hadfields, of Sheffield for £11,000.

10 In 1930 Treadgold was in London and Worsdale says that he then saw him and enquired of him when he was to receive shares in the defendant company for services rendered. Apparently Treadgold advised him that the company was not in good shape financially. He stated to Worsdale that he was quite willing to give Worsdale and his friends shares in the company provided Worsdale would undertake to provide him with £30,000, and satisfy any claims that might be made against him by Worsdale and his friends for moneys that might have been advanced, the properties he had received and services which had been rendered to him and which properties and moneys he said had passed to the consolidated company.

20 Worsdale says that at this time he took legal advice, and he said that he agreed with Treadgold as follows: Worsdale was to release Treadgold from all moneys received by him from Worsdale and his friends so far as Worsdale was able, "and so far as my friends were concerned I would release him from accounting for any properties or property rights in the Lawrence Harrison agreement and the Patton agreement." He was to pay Treadgold a nominal sum.

In 1930 Treadgold was in London and Worsdale says that an agreement was entered into between them. Treadgold was to raise the sum of £30,000, and if Treadgold failed to raise this amount in full Worsdale and his friends would furnish the difference between that amount and the sum raised.

30 The agreement between them was not reduced to writing. Worsdale states that the parties having so agreed certificate 0369 and certificate 0370 were transferred to him and at the same time there was executed a deed of transfer, which reads as follows: "Know all men by these presents that I Arthur Newton Christian Treadgold, of Dawson, Yukon Territory, Miner, for and in consideration of the sum of one dollar the receipt whereof is hereby acknowledged, and for good and valuable consideration to sell, bargain and assign to Victor W. Worsdale, of London, England, One million seven hundred and fifty thousand (1,750,000) ordinary shares of The Yukon Consolidated Gold Corporation Limited" and there is filed as an exhibit a letter from Treadgold to Worsdale, which reads as follows: "In consideration of your not registering the transfer of the shares of The Yukon Consolidated Gold Corporation Limited which I have to-day transferred to you I undertake to hand to you any dividends which may be received on said shares, and to send you all notices from the company respecting the said shares."

40 It is clear from the evidence that Worsdale was not called upon to raise any part of the £30,000. The financial condition at that time was precarious, and the Writ in the Patton action was issued in December, 1930. Worsdale in his evidence says that the transfer was received by him

*In the
Supreme
Court of
Ontario.*

No. 29.
Reasons for
Judgment,
26th Sept-
ember, 1936
—continued.

*In the
Supreme
Court of
Ontario.*

No. 29.
Reasons for
Judgment,
26th Sept-
ember, 1936
—continued.

on the 27th day of August, 1930. The deed of transfer was executed at the same time. The transfer was dated the 10th day of July. Worsdale states that in the summer of 1930 it had come to his knowledge that the Consolidated Company was being sued by Hadfields of Sheffield for £11,000, and that there were other writs issued or pending against the company.

It further appears from the evidence that the directors of the said company in 1930 were becoming suspicious. The properties which were to be acquired by the defendant company had not been acquired by Treadgold for the company. Information as to the financial condition of the company had reached England and I think at that time Treadgold quite appreciated the fact that it was impossible for him to secure financial assistance for the company. I am quite satisfied on the evidence that Worsdale was aware of the financial condition of the company and it is unbelievable that he was not advised by Treadgold as to the relations between himself and the directors of the company. 10

Worsdale states that at this time he was not aware that the company was involved in litigation. He says he did not know that the company was involved in litigation until 1934 when he learned of the judgment in the Patton action. Certificate 0369 was at various times out of his possession. I am not satisfied on the evidence that it was ever in his possession from the date of the transfer. In the fall of 1930 it was necessary for Treadgold to return to Ottawa and at that time the certificate was in his possession and I think it remained in his possession until after the result of the Patton action when it was handed over. 20

The Patton action came up first for trial before Mr. Justice Raney in 1932, which Treadgold in his evidence admits. He was examined for discovery in this action and also in an action brought by one Harrison and during one of the adjournments of the examination for discovery he sent certificate 0369 here and put it in the custody of a Mr. Williamson in New York, and the certificate remained with him until after the disposition of the first Patton action when he obtained the same from Mr. Williamson and then handed it back to Treadgold. He states he was not advised of the judgment of Mr. Justice Raney in that case. He was not aware of the fact that Treadgold had been enjoined from dealing with this share certificate and others. 30

An appeal was taken in what I call the first Patton action and a new trial was granted and the action was finally disposed of by Mr. Justice Davis, who says as follows: "There will be a declaration and order for the delivery up of share certificates and the shares now registered in the name of Treadgold or Treadgold in trust and an accounting by Treadgold for any other securities or shares or properties of the Company which he may have dealt with." An injunction was granted restraining the defendant Treadgold and the North Fork Power, its agents and servants and employees from in any way dealing with any of the shares of the defendant Yukon Consolidated in their possession or under their control. 40

Worsdale states that early in 1934 he was advised of the judgment and sought to intervene. He made an application on the appeal from the

judgment of Mr. Justice Davis to the Court of appeal and his right to intervene was refused, at the same time without prejudice to him of any rights he may have acquired by the alleged transfer of the certificate or certificates to him by Treadgold. During the trial of the first Patton action and the Harrison action the name of Worsdale had never been mentioned by Treadgold or by any other person or persons, and Treadgold on his examination for discovery did not say that there had been a transfer of these shares to Worsdale and to Worsdale in trust for friends of his.

*In the
Supreme
Court of
Ontario.*

No. 29.
Reasons for
Judgment,
26th Sept-
ember, 1936
—continued.

10 On the trial of the first Patton action Counsel appeared and desired to intervene on behalf of certain shareholders. Mr. Worsdale was not one of those shareholders. As I said before he was not mentioned by Mr. Treadgold. At the opening of the trial of the second Patton action before Mr. Justice Davis when an application was made to intervene, it is a fact that the name of Worsdale was never mentioned as a person who was interested in the shares the title to which was in question, and Treadgold said that he never even suggested that Worsdale was entitled to 1,750,000 of the shares in question.

20 I am asked to believe by both Worsdale and Treadgold that the matter was never discussed between them. In 1934 Worsdale stated that he learned of the result of the Patton Action, G. R. Troop, who was secretary of the defendant Company states that he received a letter from Price, Waterhouse & Company, which letter they had received from Worsdale. The purport of the letter to Price, Waterhouse was that the writer had an interest in the New Northwest Corporation, and this is one of the companies that came into the Yukon Consolidated. Troop was also the secretary of this company and he replied to Worsdale as follows :

30 “ Messrs. Price, Waterhouse & Co. have forwarded to me your letter of January 30, 1934, in which you state that you are interested in certain income notes and shares issued by this corporation, and ask for certain information. Before replying to the questions which you ask, I shall be obliged if you would give me particulars of the interest which you state you have in this company’s shares and income notes. I do not find your name in the company’s register of shareholders and income note holders.”

40 The witness Troop said that he did not find the name of Worsdale in the register of the company’s shareholders and income note holders. He states that some days after he wrote this letter he was called on the telephone by Mr. Worsdale who enquired if he could have an interview with him, and that on the 16th February, 1934, Worsdale called at his office. Mr. Patton, President of the Yukon Company, and Mr. Hay were present. Troop said that he asked Worsdale what securities of the New Northwest he held. “ He told me he had certain income notes and preferred and common shares of the New Northwest Corporation. I asked him in whose name these were registered in the company’s books as I could not find his name in the records. He said he thought the income notes were registered in the name of Dolan, but he said also that he proposed shortly to have his

*In the
Supreme
Court of
Ontario.*

No. 29.
Reasons for
Judgment,
26th Sept-
ember, 1936
--continued.

holdings registered in his own name. He told me also that he and his associates held 1,750,000 shares in Yukon Consolidated. He said he had obtained the shares from Mr. Treadgold as security for an advance which he and his friends had made to Treadgold." "He asked us if we would be prepared to register his holdings in his name. We said, no. I told him that the shares he had, if the certificates were in Mr. Treadgold's name, had been cancelled by the judgment of Mr. Justice Davis."

This witness further stated that Worsdale did not produce any documents or share certificates, he produced nothing. He said that Worsdale spoke again of his holdings in New Northwest income notes and shares and he said he also held some Dominion Mining and Calder Mining Company shares which he wished to have in his own name. The witness, Mr. Troop, said that he asked for that list of holdings and Worsdale said he would let him have it. The witness stated that this statement was never furnished him. 10

Mr. Patton who was president of the company and present at the interview says in his evidence that in the course of his long connection with the Yukon, while he was residing in the Yukon, in London and Canada he never heard of Mr. Worsdale at any time prior to 1934. He states "on the 15th February Worsdale came into the London office of the Yukon 20 Company and introduced himself and he told us he was interested in the Yukon Companies. I was curious to know what interest he had. He told us he had been interested in mining in Alaska, and was chairman of a mining company there years before. He told us he knew Mr. Treadgold from 1910 onwards. Then he began to tell us in a vague way what his Klondyke interests were. He said he had properties in the Klondyke. When he was questioned as to what properties he could give no description of the properties. Then he said he held securities in Klondyke Companies, and he mentioned the New Northwest Corporation, and the Calder Company and the Dolan Company, and he said he held income notes of the New 30 Northwest Corporation and preferred shares."

The witness Mr. Patton says that he was very much interested as he knew the northwest situation and knew the Klondyke very well and he listened to Worsdale and he talked at length. "Then he told us he held Yukon shares as security for moneys advanced by himself and his associates, a large number of shares, 1,750,000 shares of the Yukon Company. He seemed anxious to realize some money on his alleged Klondyke holdings. Then he wanted to know if we would recognize his alleged Yukon shares, and we said no. That is about the substance of the first interview. At the end of the interview we asked Mr. Worsdale to 40 give us a complete list of the securities which he said he owned of the Klondyke Company. He promised to let us have it."

This witness said that there was a second interview on the 20th February, four days later. At this interview Mr. Hay, Vice President of the Company, and Mr. Troop were there. "On the second occasion Mr. Worsdale brought a letter with him which I did not read at the time. He

began to talk and then he said that he and his associates had purchased 1,750,000 shares of the Yukon Company from Mr. Treadgold and had paid him the full face value, and then a moment later he said rather more than the full face value. He wished to know if we would register his share transfer on the books of the company. We refused." No certificate was produced and no other document other than the letter spoken of. The witness said: "Then as I remember, I myself asked him—we referred of course to the litigation which had been in progress, the two trials of the action, the Raney trial and the Davis trial, and there was an appeal pending before the Court of Appeal for Ontario. We asked Mr. Worsdale if he had never heard of the Patton action; he said No, not until recently. We asked him when. He said perhaps a month, in January Mr. Treadgold had told him. I asked him if he had heard of the investigation by the Secretary of State when Mr. Clarkson was appointed investigator or inspector. He said No. I reminded Mr. Worsdale that both investigations by the Secretary of State and the Patton action had received rather wide publicity in the newspapers, both in Canada and in England, and I wanted to know if they had not come to his notice. He said No. I believe he renewed his demand we should register his share transfer, and we refused. He said that the transaction, the purchase of these 1,750,000 shares had been carried out in New York by his agent, and he mentioned the name of Mr. Weinheim twice I believe. He mentioned the name of Weinberger, so I suggested to him perhaps you mean Mr. Weinheim. He said, yes, Mr. Weinheim."

It is rather interesting at this stage to refer to the fact there is no evidence at all before the court that the transaction, namely, the transfer of certificate 0369 was carried out in New York. Worsdale denies that he made this statement to Patton and the others, but I have no hesitation in accepting the evidence of Patton as to what occurred and particularly in view of the fact that he corrected Worsdale, stating that he meant Mr. Weinheim, not Mr. Weinberger, to which he agreed. Neither Treadgold nor indeed Worsdale suggested the transfer was carried out in New York or that Mr. Weinheim had any connection with the same. True, the transfer of the certificate may have been signed in New York, and there is evidence to this effect, but the significant evidence lies in this fact, first, that Worsdale made the statement that he held these shares as security for advances made, not as owner, and in fact knew very little about the transfer of the certificates, and he stated that the deal had been carried out in New York.

There was not produced before me any evidence that Worsdale was interested in any way in the mining companies which came into the consolidation. No share certificates, no income notes, no memorandum, nothing was produced to show that at any time he was in any way interested in any of these companies. Nor has Worsdale or Treadgold produced any letters that would throw any light on the matters at issue in this case, or anything to show that any financial aid or assistance has ever been rendered by Worsdale to Treadgold.

*In the
Supreme
Court of
Ontario.*

No. 29.
Reasons for
Judgment,
26th Sept-
ember, 1936
—continued.

*In the
Supreme
Court of
Ontario.*

No. 29.
Reasons for
Judgment,
26th Sept-
ember, 1936
—continued.

Petitions in bankruptcy were filed against Worsdale from time to time and it became necessary for him to disclose by affidavit his assets. In none of the proceedings except the last bankruptcy proceeding did he ever disclose the fact that he was entitled in his own right to 1,663,900 shares in the Yukon Consolidated and the further amount of 86,100 for his friends. Why, I do not know. There is a lame explanation offered that he considered them as a liability, not an asset.

Worsdale stated that it was part of his agreement with Treadgold that he was to pay a nominal sum of £300 for the shares and he believed that £300 was more than their value, as the company had writs issued against it for £10,000 and various other sums and enormous liabilities and could not carry on unless it had substantial advances. He states that he was advised that he should advance this sum and that he paid £300 cash consideration, as he put it, on a contract under seal. He states that this £300 has been paid. No vouchers, no receipts are produced to show that this sum was ever paid to Treadgold. True Treadgold says that this sum was received by him. He is indefinite as to the dates when it was paid. 10

Worsdale produces a bank book, not his own, but his wife's bank book. He was then insolvent and he says on various dates and he mentions them, that he paid small sums out to Treadgold aggregating £300 and produced his wife's bank book and shows on these various dates the accounts were debited with these amounts. I am not satisfied that these drawings from the account ever went to Treadgold. Surely one would expect an experienced business man and a promoter as Mr. Worsdale was to have some receipts for money paid. 20

Now as to Worsdale's ability to pay this sum or any other sum. If I accept his evidence, at times he was a very wealthy man. He states he was in the army until 1919 but in 1926 he says he was associated with Mr. J. C. Gould whose shipping and industrial companies collapsed and he had to face a heavy loss, but it is apparent from the exhibits filed, that in 1926 he was in rather desperate financial straits, creditors were pursuing him and I think it is fair to conclude that he was probably including his wife's property which was encumbered and that there was no margin in any of his assets, and that at that time he was asking consideration from his creditors and offering to pay his creditors so much a month. 30

A letter dated 25th February to the Solicitors of Mrs. Foster reads as follows: "I send you £10 on account. I have instructed Westman & Sons, Auctioneers, Tunbridge Wells to sell all my wife's furniture and effects and the proceeds will go to my creditors. Bankruptcy proceedings would mean nothing for anybody, but if I am able to continue I shall ultimately pay everyone in full. I thank you and your client for this consideration." 40

A further letter dated 15th July: "In reply to your favour of the 8th inst. re Mrs. Foster. I regret I am unable to make a further payment at present. I have over £8,000 judgments against me. My house and furniture have been sold off. I am without means at the moment. I hope however to be able to make a payment soon. I know your client and

yourselves have been patient in this matter and I hope you will continue to be so, bearing in mind that the money owing was a loss which I foolishly took over when matters were all right with me."

A further letter of the 28th November, 1927: "I am holding up bankruptcy proceedings on an £8,000 judgment against me. I cannot make you a payment now but will do so in the new year. I am sorry but I parted with all my assets in fighting against the proceedings."

This correspondence continues down to 1930 and on the 4th day of May, 1931 there were bankruptcy proceedings filed. It became necessary
10 that Worsdale should file an affidavit disclosing his affairs. The affidavit was made and it was dated on the 5th January, 1933 and filed. The attention of Worsdale was directed to the paragraph reading as follows: "As directed by this honourable Court I have prepared a statement of my assets and liabilities and such statement is now produced and shown to me and which shows a surplus of assets over liabilities £11034. 13 shillings." In this affidavit the assets are disclosed. The attention of the witness was drawn to the fact that he did not at that time make any reference to his shares in the Yukon Consolidated Gold Mines but admitted there was no disclosure of his alleged holdings in this company, and when asked why,
20 he states that he considered these shares a liability. There was a petition in Bankruptcy filed against Worsdale by Barclays Bank and he was declared bankrupt in 1934.

It is a fact that in 1934 or later these certificates were deposited with his Toronto solicitors to secure moneys advanced to him, and on the bankruptcy proceedings the claim was filed. I mention this fact merely as some evidence of Worsdale's financial condition down to the year 1934.

I have stated before that on this trial there are no letters, no written evidence at all as to the dealings between Treadgold and Worsdale, except exhibits 1, 2 and 3, in this action, and it may be Worsdale's bank book and
30 his wife's bank book. I have dealt with them.

On the trial of this action the position taken by Worsdale was, "It is not necessary to me to produce letters or memorandum or anything that would in any way prove my claim, and I was so advised, consequently I have not produced them."

It is a fact that in this action the commission had been issued on behalf of the trustee to take evidence in England, and of this Worsdale states he was aware. He has further admitted that this commission was returned without a single witness being examined. One would have thought that evidence would have been adduced by witnesses as to the agreement
40 between Treadgold and Worsdale. Evidence might have been procured as to the holdings of Worsdale in the Yukon mining properties, but he has not seen fit to call witnesses and his case has to be disposed of, and the trustees action must be disposed of upon the evidence of Worsdale and Treadgold and such documentary evidence as is before the court.

Throughout all of these proceedings Worsdale has yet to state who his friends were for whom he was holding shares in trust. The evidence given

*In the
Supreme
Court of
Ontario.*

No. 29.
Reasons for
Judgment,
26th Sept-
ember, 1936
—continued.

*In the
Supreme
Court of
Ontario.*

No. 29.

Reasons for
Judgment,
26th Sept-
ember, 1936
—continued.

by Treadgold was not satisfactory and I do not accept it, nor do I accept the evidence of Worsdale. Treadgold in giving his evidence sought to justify himself in respect of his dealings with the defendant company. These matters were disposed of. In the main he corroborates the story told by Worsdale.

I have arrived at the conclusion on the evidence that Treadgold appreciated that his holdings in the Company were about to be attacked and in 1930 he well knew, at least believed that the shares registered in his name might be cancelled. He was well aware of this in 1930 before sailing for England and before the transfer was made to Worsdale.

10

Their relations have been very intimate and I do not and cannot believe that at the time the transfer was made Worsdale was not fully advised, not only as to the financial condition of the company, but that further action would in all probability be taken to set aside or challenge Treadgold's holdings. I think that Treadgold had this in mind, and the information as to his relations with the company and the shareholders were explained to Worsdale and that they entered into the alleged agreement for the sole purpose of protecting Treadgold.

Worsdale stated emphatically that he did not rely on any past consideration such as moneys advanced by him to Treadgold or services rendered to Treadgold previous to 1930, but relied solely upon the certificate of transfer and the deed of transfer, Exhibits 1 and 2 in this action.

I have come to the conclusion that I cannot accept the evidence given by Worsdale as to his holdings or his interest in the various companies of which he had spoken. He displayed a lamentable ignorance of what it was all about in his interview with Mr. Troop and Mr. Patton and if there is any conflict at all between the evidence, I accept without any reservation the evidence of Troop and Patton in preference to the evidence of Worsdale.

There is the further fact that no disclosure was made by Treadgold that he parted with these shares, representing one third of the capital stock of the company, and further when the applications were made to intervene during the course of the Patton and Harrison actions and the second Patton action Worsdale's name was never mentioned.

One would have thought that Treadgold would have disclosed the fact that he had parted for a consideration with these shares, the title to which was in question in the Patton actions.

It was during the course of argument agreed by counsel that if I should find in favour of the plaintiff in this action there should be a reference to ascertain what amount, if any, Treadgold was indebted to the company. A prima facie case as to indebtedness was made out; it was stated he was indebted to the company in the sum of \$350,000.

I have disposed of this case on the facts. It is not necessary for me to consider what Worsdale's position is, the court having found in the previous action that Treadgold had obtained the shares in fraud of the company and its shareholders. There is no dispute that the certificate

in question was not signed by the secretary of the company for at the time that the certificate was issued the secretary of the company was ill and the certificate is signed by Mr. Larmont, since deceased.

The plaintiff's action fails and must be dismissed.

" N. JEFFREY "

J.

I approve.

" N. J. "

J.

*In the
Supreme
Court of
Ontario.*

No. 29.
Reasons for
Judgment,
26th Sept-
ember, 1936
—continued.

10

No. 30

Reasons of the Court of Appeal of Ontario delivered orally at conclusion of hearing of Appeal.

*In the
Court of
Appeal
of Ontario.*

LATCHFORD : CJ

" While this case appears complicated it is really a very simple one. The question is was this a bona fide transaction between the plaintiff and Mr. Treadgold? The finding of the trial judge is that it was not, and he gives, in my opinion, ample reasons why he should credit the statements made by Patton and other witnesses against anything said by Mr. Treadgold or Mr. Worsdale to the contrary. It is altogether a question of fact depending on whether this was a colourable transaction or a real trans-
20 action between these two men. It has been found that it was not a real transaction but a colourable transaction and with that finding I agree and I have nothing further to add. The Appeal is dismissed with costs."

No. 30.
Reasons
of the
Court of
Appeal of
Ontario,
28th Sept-
ember, 1936.

RIDDELL : JA

" I concur. The Appeal is a hopeless one."

MIDDLETON : JA

" This was merely a make-believe scheme conceived by Treadgold in view of what he then knew (1930) to be his somewhat dangerous position. Things turned out to be as he feared."

30 MASTEN : JA

" No position has been established on which we can interfere with the judgment of the trial judge."

HENDERSON : JA

" I concur."

*In the
Court of
Appeal of
Ontario.*

No. 31.**Order of the Court of Appeal of Ontario.**

No. 31.
Order of
the Court
of Appeal
of Ontario,
28th Sept-
ember, 1936.

1.—Upon motion made unto this Court this day by Counsel on behalf of the plaintiff by way of appeal from the judgment pronounced by the Honourable Mr. Justice Jeffrey on the 15th day of February 1936 dismissing this action with costs in the presence of Counsel for the defendant upon hearing read the pleadings, the evidence adduced at the trial and the judgment aforesaid and upon hearing what was alleged by Counsel aforesaid.

2.—This Court doth order that this appeal be and the same is hereby 10 dismissed.

3.—And this Court doth further order that the plaintiff do pay to the defendant its costs of this appeal forthwith after taxation.

“ D'ARCY HINDS ”
Registrar, S.C.O.

Entered OB 159 Page 80
September 29th, 1936
“ RM ”

No. 32.**Order of the Honourable Mr. Justice Masten admitting Appeal.**

No. 32.
Order
admitting
Appeal,
10th March,
1937.

Upon the application of the Plaintiff, in the presence of counsel for the 20 Defendant, for an Order admitting the appeal of the Plaintiff to His Majesty in His Privy Council, and upon reading the pleadings, the Judgment of the Honourable Mr. Justice Jeffrey dated the 15th day of February, 1936, and the Order of the Court of Appeal of the Province of Ontario, dated the 28th day of September, A.D. 1936, and the receipt of the Canadian Bank of Commerce for the sum of Two Thousand Dollars (\$2,000.00) paid to the credit of the account in this action in the Supreme Court of Ontario under The Privy Council Appeals Act, and upon hearing Counsel for both parties.

1.—It is ordered that the said sum of Two thousand dollars paid into 30 Court by the Plaintiff as security that he will effectually prosecute his appeal to His Majesty in His Privy Council from the said Order of the Court of Appeal and pay such costs and damages as may be awarded in case the Order appealed from is confirmed be and the same is hereby allowed and approved and that the said Appeal of the Plaintiff be admitted.

2.—And it is further ordered that the costs of this application be costs in the said appeal.

“ D'ARCY HINDS ”
Registrar, S.C.O.

“ Entered O.B. 161 page 279
March 15, 1937.
“ H.F. ”

In the Privy Council.

No. 70 of 1937.

ON APPEAL FROM THE COURT OF APPEAL
OF ONTARIO.

BETWEEN

LESLIE COLBATCH CLARK, Trustee
of the Estate of Vernon Wright
Worsdale, a Bankrupt

(Plaintiff) Appellant

AND

THE YUKON CONSOLIDATED GOLD
CORPORATION LIMITED

(Defendant) Respondent.

RECORD OF PROCEEDINGS.
PART I.

PERCY HASELDINE & CO.,
47, Essex Street,
Strand, W.C.2.

Solicitors for the Appella

BROAD & SON,
1, Great Winchester Street,
E.C.2.

Solicitors for the Responde

In the Privy Council.

No. 70 of 1937.

ON APPEAL FROM THE COURT OF APPEAL
OF ONTARIO.

BETWEEN

LESLIE COLBATCH CLARK, Trustee of the Estate of
Vernon Wright Worsdale, a Bankrupt - - - (*Plaintiff*) *Appellant*

AND

THE YUKON CONSOLIDATED GOLD CORPORATION
LIMITED - - - - - (*Defendant*) *Respondent*.

RECORD OF PROCEEDINGS.

PART II.

EXHIBITS.