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IN THE PRIVY COUNCIL.
 No. 78 of 1931.

On Appeal from the Court of King's Bench (Appeal Side) of the Province
 of Quebec.

Between

LADY DAVIS (Dame Eleanor Curran) and
 MORTIMER BARNET DAVIS - (Plaintiffs) Appellants

and

THE RIGHT HONOURABLE LORD SHAUGH-
 NESSY (William James Shaughnessy) and
 ALEXANDER M. REAPER - (Defendants)

and

THE FEDERATION OF JEWISH PHILAN-
 THROPIES OF MONTREAL - (Mis-en-cause) Respondents.

BOOK 2

containing Vol. 1 (pp. 148-280) - - Exhibits.
 Vol. 2 (pp. 281-630) - - Exhibits continued.
 Vol. 3 (pp. 631-990) - - Exhibits concluded.

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Lawrence Jones & Co.,
 Lloyd's Building,
 Leadenhall Street,
 London, E.C.3.
 Solicitors for the Appellants.

Linklaters & Paines,
 2, Bond Court,
 Walbrook,
 London, E.C.4.
 Solicitors for the Respondents.

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INSTITUTE OF ADVANCED
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PART II — EXHIBITS

Exhibits.
P-1.
Last Will
of Sir
Mortimer
Davis,
30th Nov-
ember 1927.

Exhibit Group No. 1: Last Will of Sir Mortimer Davis and Synopsis of Particular Legacies

PLAINTIFFS' EXHIBIT P-1

10 I, SIR MORTIMER BARNET DAVIS of the City of Montreal,
Province of Quebec, Dominion of Canada, temporarily sojourning
abroad, Knight, being of sound and disposing mind and memory, do
hereby make, publish and declare the following to be my last Will
and Testament in the manner and form following to-wit:

ARTICLE I.—I revoke all my former Wills, Codicils and Tes-
tamentary dispositions.

20 ARTICLE II.—I direct that all my just debts and funeral
expenses be duly paid by my Trustees and Executors hereinafter
named, to whose discretion I leave it to fix and determine the manner
and expense of my funeral.

ARTICLE III.—I declare that any and all indebtedness which
may be owing to me at the time of my death by any or all of my
brothers and sisters shall be cancelled and annulled.

30 ARTICLE IV.—All Succession Duty, Legacy Duty, Estate Tax,
Seizin Tax, and other taxation and charges of a similar nature arising
out of my death on bequests under this my Will or any Codicil or
Codicils hereto, shall be paid out of the capital of the residue of my
Estate and no part of the same shall be charged against any special
Legatee.

40 ARTICLE V.—For the purpose of this my Will I give and
bequeath, in trust, unto my Trustees and Executors, hereby appointed
as such, to-wit: my wife, Lady Davis (maiden name Eleanor Curran),
from whom I am separate as to property by Contract of Marriage at
Cannes in the year Nineteen Hundred and Twenty-four, the Rt. Hon.
Lord Shaughnessy, of Montreal, and Mr. A. M. Reaper, of Montreal,
all my estate and property, real and personal, moveable and immove-
able, and wheresoever the same may be situate at the time of my
death, including all property which I may have power to affect by
Will, to be dealt with, administered and disposed of by them as
follows:

ARTICLE VI.—My said Trustees and Executors shall deliver
over to my son Mortimer B. Davis in full ownership all my clothing,
jewelry and personal effects, excepting those which I may by these
presents or subsequent written memorandum or memoranda other-
wise bequeath.

ARTICLE VII.—My said Trustees and Executors shall permit the use, usufruct, habitation and enjoyment during her lifetime by my said wife, Lady Davis (maiden name Eleanor Curran) of any and all residences, country estates, apartments and/or properties situated in France that may belong to me or be rented by me or the use and enjoyment of which I may in any way be entitled, together with all furniture, appurtenances, household effects, works of art, statuary, implements, utensils, horses, carriages, motor cars, animals used in connection therewith and, in a general way, all the contents thereof.

10 The whole on the ordinary obligations of an Usufructary but without giving any security in regard thereto or making any Inventory of the moveables comprised in the said usufruct, and the rentals of and taxes on any property and/or residences leased by me shall be paid by my Executors and Trustees out of and be a charge against my estate, and if any such lease shall arrive to expiration during my wife's lifetime, my said Executors and Trustees shall renew same if she so request.

20 Any and all or any part of said residences, country estates, apartments and/or properties in France may be leased, sub-leased or sold with my wife's consent, in which case the net rentals, leasing or sub-leasing or the sales price, as the case may be, shall be paid into and be and become part of my residuary estate. My said Trustees and Executors shall also pay over to my said wife any cash that may be found in said residences, country estates, apartments and/or properties in France, or any of them, and any balances of money standing in my name at the time of my death in any bank or banks in France.

30 However, my Racing Stables in France, including race horses, stud farms, training establishments and funds, and all property generally, both moveable and immoveable, real and personal, appertaining thereto are not included in this provision of Usufruct for my said wife but the same shall fall into and be and become part of my residuary Estate and be treated by my Executors and Trustees as such.

ARTICLE VIII.—I direct my said Trustees and Executors to pay the following legacies:

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Last Will
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—continued.

- 40 1.—To my chauffeur William Godsall, if in my employ at the time of my death, the sum of Two Thousand (\$2,000) Dollars.
- 2.—To my assistant chauffeur Howard Clarke, if in my employ at the time of my death, the sum of One Thousand (\$1,000) Dollars.
- 3.—To my wife, Lady Davis (maiden name Eleanor Curran), the sum of Five Thousand (\$5,000) Dollars to distribute at her

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Last Will
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—continued.

discretion among domestic servants I may have employed in Canada previous to my death—the length of service and the importance of the position to be taken into consideration.

4.—To my friend, the said Lord Shaughnessy, a legacy of One Thousand (\$1,000) Dollars wherewith to purchase a memento.

5.—To my head gardener Frank Allan, if in my employ at the time of my death, the sum of Two Thousand (\$2,000) Dollars.

10

ARTICLE IX.—My said Trustees and Executors shall pay the following annuities:

1.—To Albert Nathan an annuity at the rate of Twelve Hundred (1200) Dollars per annum during his lifetime and after his death the same annuity to his widow during her lifetime—the whole payable monthly.

20

2.—To Miss Catherine O'Hara at present or formerly residing at 29 William Street, Danville, New-York, as a mark of my appreciation for her services to my brother Melvin H. Davis, payment to commence from the death of my said brother if he survive me, if not, then from my death, an annuity at the rate of Two Thousand Four Hundred (\$2,400) Dollars per annum, payable by monthly instalments during her lifetime.

30

3.—To my chauffeur, William Godsall, if in my employ at the time of my death, and in addition to the legacy heretofore bequeathed and if he is not continued in the employment of my wife or of my son Mortimer at the same salary I am paying him (the said Godsall) at the time of my death, an annuity equal to one-half of the salary I was paying him at the time of my death, and this annuity is to continue in favor of his wife during her lifetime.

40

4.—To my head gardener Frank Allan, if in my employ at the time of my death, and in addition to the legacy heretofore bequeathed and if he is not continued in the employment of my wife or of my son Mortimer, an annuity at the rate of one-half per annum of what I was paying the said Frank Allan at the time of my death and this annuity is to continue in favor of his wife during her lifetime.

And whereas at the time of my death I may be paying, as gratuities, to some or all of the Annuitants mentioned in this Article Tenth larger annual amounts than the amounts of the annuities mentioned

herein, I direct that the amounts of the annuities herein to each of such annuitants shall be increased to equal the amount so paid to each of them respectively at the time of my death.

ARTICLE X.—My said Trustees and Executors shall pay:

- 10 a) —To my son Mortimer during his lifetime an annuity at the rate of Sixty-seven Thousand (\$67,000) Dollars per annum by monthly installments.
- b) —To my said wife Lady Davis (maiden name Eleanor Curran) during her lifetime an annuity at the rate of Sixty-seven Thousand (\$67,000) Dollars per annum payable by monthly installments.

The above amounts are to be in addition to any other bequests in favor of my said son or my said wife.

20 ARTICLE XI.—My said Trustees and Executors shall pay the following annuities:

- 1.—To my brother Melvin H. Davis an annuity during his lifetime at the rate of Seven Thousand (\$7,000) Dollars per annum payable monthly.
- 2.—To my sister-in-law Carrie Gerschel (Mrs. M. E. Davis) an annuity during her lifetime at the rate of Seven Thousand two Hundred (\$7,200) Dollars per annum payable monthly.
- 30 3.—To my nephew Samuel Davis an annuity during his lifetime at the rate of Five Thousand (\$5,000) Dollars per annum payable monthly.
- 4.—To my nephew Ned Davis an annuity during his lifetime at the rate of Ten Thousand (\$10,000) Dollars per annum payable monthly.
- 40 5.—To my niece Muriel Davis (Mrs. Cowan) an annuity at the rate of Five Thousand (\$5,000) Dollars per annum during her lifetime payable monthly.
- 6.—To my niece Lilly Davis an annuity at the rate of Five Thousand (\$5,000) Dollars per annum during her lifetime payable monthly.
- 7.—To my friend Frank Matthews an annuity at the rate of Twelve

Hundred (\$1,200) Dollars per annum during his lifetime payable monthly.

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8.—To my aunt (Mrs.) Virginia F. Vehon an annuity at the rate of Twelve Hundred (\$1,200) Dollars per annum during her lifetime payable monthly.

10 And whereas at the time of my death I may be paying, as gratuities, to some or all of the Annuitants mentioned in this Article Eleventh larger annual amounts than the amounts of the annuities mentioned herein, I direct that the amounts of the annuities herein to each of such Annuitants shall be increased to equal the amount so paid to each of them respectively at the time of my death.

ARTICLE XII.—My said Trustees and Executors shall pay:

To the Society of the Montreal General Hospital the sum of One Hundred Thousand (\$100,000) Dollars.

20 To the Federation of Jewish Philanthropies of Montreal the sum of One Hundred Thousand (\$100,000) Dollars.

To the Notre Dame Hospital, Montreal, the sum of One Hundred Thousand (\$100,000) Dollars.

To the Young Men's Hebrew Association of Montreal the sum of One Hundred Thousand (\$100,000) Dollars.

30 ARTICLE XIII.—After providing for the foregoing the then remainder of the net annual revenues from the then residue of my estate shall be paid over to the extent of one-half ($\frac{1}{2}$) to my said wife, Lady Davis (maiden name Eleanor Curran) during her lifetime, and to the extent of one-half ($\frac{1}{2}$) to my said son, Mortimer, during his lifetime. Should my said son predecease my said wife, then the totality of the income of the said residue of my estate shall be paid to my said wife during her lifetime. Should my said wife, however, predecease my said son, her one-half share of the income of the said residue of my estate shall follow the terms and provisions regarding
40 the share in the residue of my estate bequeathed to my said wife as provided for in Article Fourteenth herein below.

It is may and I direct that the provisions made in this Will for the benefit of my son Mortimer, anything to the contrary hereinbefore or hereinafter notwithstanding, with the exception, however, of the specific bequests made outright to him in Article Sixth hereof, are for his lifetime only and that under no circumstances shall any

children, issue or descendants of my said son Mortimer receive any benefits whatsoever under this Will, and that upon his death his share shall devolve to my wife if she survive him or to the lawful issue of my marriage with my said wife, in accordance with the terms and conditions hereinbelow set forth in Article Fourteenth, if she predecease him and there be such issue her surviving, and failing same, shall devolve as hereinbelow provided for in Article Fourteenth in the case of failure of lawful descendants of mine, issue of my marriage with my said wife, to the absolute and permanent exclusion under
10 any and all circumstances of any issue or descendants of my said son Mortimer.

ARTICLE XIV.—Subject to the terms and provisos hereof and to the substitution herein contained, the residue of my estate is hereby bequeathed to my said son Mortimer to the extent of one-half ($\frac{1}{2}$) and to my said wife, Lady Davis (maiden name Eleanor Curran) to the extent of one-half ($\frac{1}{2}$), but,

20 1.—After the death of my said son Mortimer, or after my death should he predecease me, his share of such residue of my Estate, whether he leave issue or not, shall, subject to the terms of this Article, devolve to and be added to the share of my said wife, Lady Davis (maiden name Eleanor Curran) and follow the destination thereof in the same manner as the share originally bequeathed to her and as if so bequeathed.

2.—And as regards the said share in the residue of my Estate so bequeathed to my said wife, Lady Davis (maiden name Eleanor Curran), the same at her death or at my death, if she predecease me,
30 shall devolve to the children issue of my marriage with her in equal shares, but the same shall continue to remain absolutely vested in the hands of my said Trustees and Executors, who shall pay the revenue therefrom to the said children issue of my marriage with my said wife, Lady Davis (maiden name Eleanor Curran), in equal shares during their lifetime respectively. On the death of each of such children, issue of my marriage with my said wife, such child's share of the residue of my Estate shall (subject to the provisions herein contained) devolve in full ownership to such child's lawful children (my
40 grandchildren) in equal shares or to their issue representing them *par souche*. Any of my such children and grandchildren shall have the right, by marriage contract or by will, to provide an annuity in favor of his or her surviving consort for life until remarriage, not to exceed, however, one-half of the revenues he or she would have received if he or she had continued to live.

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—continued.

Should any of the children issue of my marriage with my said

wife die without lawful issue him or her surviving, such child's share shall accrue for the benefit of the issue *par souche* of such child's brothers and sisters respectively, subject to the payments of the revenue therefrom to such brothers and sisters respectively during their lifetime, and subject to the aforesaid provisions in favor of a surviving consort.

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P-1.
Last Will
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ember 1927
—continued.

10 Should there be no lawful descendants of mine issue of my marriage with my said wife entitled to inherit under this my Will and succeed to the residue of my Estate (and on this the decision of my said Trustees and Executors shall be final and binding on all parties), then and not otherwise I direct my said Trustees and Executors at the expiration of Fifty years after my death, in accordance with Article Fifteenth hereof, to apply and utilize the said residue of my Estate for the special purposes hereinafter mentioned in the succeeding paragraph "a" and thereafter they shall divide and apply the then balance of said residue for the charitable purposes and in the manner hereinafter mentioned in the succeeding paragraphs "b" and "c," and during said period of Fifty years, the revenues of my Estate shall be allowed to accumulate and be added to the capital:

30 (a) To the extent of Seventy-five per cent. of said residue of my Estate in the erection, equipment, and the endowment of a Hospital in the City of Montreal to be known as "The Mortimer Davis Hospital," as they may cause to be incorporated a company or association to hold the title to and conduct and manage the same and may turn over and convey to such company or association all right, title and interest in such Hospital and to the endowment of the same as they may provide. They may also in their discretion settle and determine all necessary by-laws, rules and regulations of any such company or association with respect to the administration of its property and of the funds provided by them for its endowment. The majority of the management shall be of the Jewish faith but otherwise I express the wish that provision should be expressly made that the public of Montreal generally, without regard to class, creed or distinction of any kind, may be given the opportunity to use and enjoy all of the possible benefits and advantages to be derived from the establishment and maintenance of this Hospital;

40

(b) To the extent of one-half of the balance of said residue of my Estate (after making the foregoing provision as set forth in the preceding paragraph "a"), to pay over the same to the Federation of Jewish Philanthropies of Montreal if such

Federation be then in existence, and, if not, I direct my Trustee and Executors to pay over the same to Jewish charitable institutions in the City of Montreal assisting the Hebrew race,—the institutions themselves and the extent of the legacy to each of them to be determined by my said Trustees and Executors in their absolute discretion;

- 10 (c) To the extent of the other half, to pay over the same to non-sectarian charitable institutions in the Province of Quebec, the choice of such institutions to rest with my said Trustees and Executors.

20 My Trustees and Executors shall not be bound to call to the inventory of my Estate the beneficiaries or anybody on their behalf mentioned in the foregoing sub-sections (a), (b) and (c),—that is to say, the Federation of Jewish Philanthropies of Montreal and/or the charitable institutions referred to in sub-section (c) above, nor anybody to represent in any capacity any legatee mentioned in sub-sections (a), (b) and (c) above, and none of the beneficiaries so mentioned shall be entitled to in any manner question the acts of my said Trustees and Executors or to demand from them anything more than an ordinary account of their administration.

30 ARTICLE XV.—Except where otherwise decided by my Trustees and Executors or to make payment of particular legacies as provided for in this Will, I direct that the capital of said residue of my Estate shall remain absolutely vested in the hands of my Trustees and Executors for a period of at least Fifty years from the date of my death, during which period no beneficiary shall be entitled to demand any partition of my Estate. My Trustees and Executors may in their absolute and uncontrolled discretion make partitions of my Estate, partial or entire, prior to the expiration of the period above named should they consider it desirable and proper to do so, but not otherwise.

In explanation of this provision of my Will I desire to state that the greater part of my Estate consists of notes or debentures and shares of Sir Mortimer Davis Incorporated, a Company presently organized under the laws of the Province of Quebec. In this Company is vested the control of several important undertakings, all of which I believe by proper management will greatly increase in value and thus yield in capital and revenue a great benefit to my Estate.

To disturb the organization of this Company would result in a depletion of its resources and would prevent the development of

Exhibits.
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P-1.
Last Will
of Sir
Mortimer
Davis,
30th Nov-
ember 1927
—continued.

the various undertakings entrusted to its care and to the care of its officers and directors. I therefore expressly direct and require that the beneficiaries of this Will shall not disturb by their demands or actions the carrying on of the said Sir Mortimer Davis Incorporated in any manner which in the opinion of the directors of such Company may be prejudicial to its interests.

10 ARTICLE XVI.—I specially declare that all bequests and benefits of whatever nature hereinto or in favor of my said son Mortimer shall be his own private property, particularly excluded from any community of property arising through his marriage at any time, and the same provisions shall also apply to all bequests and benefits to or in favor of other beneficiaries, male or female, under this my Will, and in the case of female, the same shall be free from all control by or on account of their husbands at any time and may be accepted and paid over to them without marital authorization.

20 All bequests herein, both as regards capital and revenue, shall be exempt from seizure or attachment for any cause whatsoever, except in the case of special hypothecation or pledge,—the same being intended as alimony, and while in the hands of my Trustees and Executors the same shall not be transferred or affected in any manner by way of anticipation.

ARTICLE XVII.—While any beneficiaries under this my Will are minors, their shares in my Estate shall remain in the hands of my said Trustees and Executors, who shall use the revenue therefrom for their benefit.

30 ARTICLE XVIII.—I give my said Trustees and Executors the seizin and possession of all my property, both moveable and immoveable, hereby extending their power and authority as such beyond the year and day limited by law until the full accomplishment of this my Will, and I hereby give them power to borrow money and oblige my Estate for such obligations as they may see fit (including endorsements, guarantees and other obligations of a commercial or business nature), to compromise, transact and accept part in satisfaction of the whole of any claim by my Estate, to grant Main
40 Levee and Discharge of security with or without receiving consideration, to sell, exchange, dispose of, pledge, hypothecate and alienate the whole or any part of my property, moveable or immoveable, as they may see fit, to receive the consideration therefor, to invest and reinvest the monies of my Estate in such investments as they may consider advisable, without being limited to the investments in which Trustees and Executors are by law required to invest; to decide whether assets and liabilities are to be credited or charged

to the capital or revenue of my Estate as the case may be; to employ such professional or other assistance as they may deem requisite in the discharge of their duties; and to appoint agents and attorneys for such purpose; to advance monies to my Estates and any advances so made, with the interest thereon, shall be a first charge against my Estate; to make advances to any beneficiaries hereunder from time to time as they may see fit; and to do any act authorized herein without obtaining judicial authorization even though some of the interested parties may be minors or otherwise incapable.

10

ARTICLE XIX.—My said Trustees and Executors shall have power to make partitions of my Estate or any part thereof from time to time as may be required and in making such partitions they are authorized to compose the shares, fix the values whenever necessary of all assets composing the same and to do all acts necessary or expedient to carry out such division in their own discretion without its being necessary to have judicial proceedings in regard thereto even though some of the beneficiaries may be minors or otherwise incapable, and they are hereby authorized, if they see fit, to retain in their hands any property not susceptible of advantageous division at the time and to dispose of such property at a later date and divide the proceeds.

20

ARTICLE XX.—It shall not be necessary for my said Trustees and Executors to give security for the administration and disposal of my Estate in any country where such security may be required, nor to appoint any Curator to any substitution or alleged substitution under this my Will, and in making any Inventory or Inventories of my Estate my said Trustees and Executors may omit any notifications and other formalities in regard thereto and may make the same in such manner as they may see fit and the costs of such Inventory or Inventories and putting my said Trustees and Executors in possession of my Estate, as well as the costs of any partition thereof, shall be paid out of the capital of the residue of my Estate. Any of my said Trustees and Executors may resign without judicial authorization and the expense of such resignation shall also be paid out of the capital of the residue of my Estate. My said Trustees and Executors shall all have the same powers and be responsible for good faith only and each only for his or her own acts and deeds.

30

40

ARTICLE XXI.—Each of my said Trustees and Executors shall be paid the sum of Five Thousand (\$5,000) Dollars per annum while he or she acts as such and this remuneration is to be in addition to the remuneration which any of them may receive from Sir Mortimer Davis Incorporated.

Exhibits.

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P-1.

Last Will
of Sir
Mortimer
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30th Nov-
ember 1927

—continued.

Exhibits.

P-1.

Last Will
of Sir
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Davis,
30th Nov-
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—continued.

ARTICLE XXII.—The books and accounts of my Estate are to be kept in the office of Sir Mortimer Davis Incorporated, and all meetings are to be held and business transacted in that office unless agreed to otherwise by all my said Trustees and Executors.

10 ARTICLE XXIII.—I charge my said Trustees and Executors to take an active and energetic interest in the management of my Estate, and to carry out the policies I have laid down and particularly to conserve the capital of my Estate, and not to sacrifice the same by premature liquidation.

20 ARTICLE XXIV.—There shall always be three Trustees and Executors acting for my Estate and any vacancies from time to time shall be filled by individuals or Trust Companies appointed by Notarial Acts by the surviving and acting Trustees and Executors while there are two, but if there be only one acting, then the appointments necessary to bring the number up to three shall be approved by a Judge of the Superior Court for the Province of Quebec in Montreal, after such Judge has been satisfied as to the suitability of the persons to be so appointed as such Trustees and Executors, and if there be no Trustees and Executors acting, three new Trustees and Executors shall be appointed by a judge of said Superior Court on the petition of any interested party.

30 ARTICLE XXV.—I hereby direct that my Estate shall devolve and be governed and that my Will be interpreted in accordance with the Laws of the Province of Quebec and that my Trustees and Executors shall have power to determine all questions and matters of doubt which may arise in the course of their administration, realization, liquidation, partition and winding up of my Estate, and their decision, whether made in writing or implied from their acts, shall be conclusive and binding upon all parties concerned.

40 ARTICLE XXVI.—I will and direct that in case any person or persons shall at any time institute, conduct or share in any proceedings to oppose the probate of this my Last Will and Testament, or to impeach or impair or set aside or invalidate any of its provisions, any device or legacy to or for the benefit of such person or persons under this my Last Will and Testament shall thereupon be revoked, and shall become and remain null and void, and such person or persons shall be excluded from any participation in and shall not receive any share or portion of my property or Estate, real or personal, income or principal, and I give, devise and bequeath such share or portion to my wife, Lady Davis (maiden name Eleanor Curran); or if she be dead, to the lawful issue of my marriage with her, or failing same, as provided for the disposition of my residuary estate

10 in the absence of lawful issue of my marriage with her in Article Fourteenth of this Will, and the share or portion to which such person or persons might have been entitled if I had died intestate as to the whole or any portion of my property or estate or any share or portion to which such person or persons might be otherwise entitled, I give, devise and bequeath to my said wife, Lady Davis (maiden name Eleanor Curran), or if she be dead, to the lawful issue of my marriage with her, or, failing same, as provided for the disposition of my residuary estate in the absence of lawful issue of my marriage with her in Article Fourteenth of this Will.

IN WITNESS WHEREOF, I have hereunto set my hand and seal to this my Last Will and Testament, consisting of eighteen typewritten pages, at London, England, this thirtieth day of November, Nineteen Hundred and Twenty-Seven.

(signed) MORTIMER BARNET DAVIS.

20

“ M. B. DAVIS (L.S.).

M.B.D.
F.W.B.
S.G.T.
J.McN.

30 Signed, sealed, published, declared and acknowledged by the above named Testator, SIR MORTIMER BARNET DAVIS, as and for this Last Will and Testament, in the presence of us (all being present at the same time) who, at his request, in his presence and in the presence of each other have hereunto subscribed our names as witnesses thereto.

Exhibits.

P-1.
Last Will
of Sir
Mortimer
Davis,
30th Nov-
ember 1927
—continued.

40

(signed) STUART G. TURNBULL, 783 Wilder Ave.,
Montreal.

“ FRED W. BRANSON, 2 Bond Court,
London, E.C.

“ Solicitor,
JOHN McNISH, 23 Chatsworth Gds.,
London, W. 3.

IN THE SUPERIOR COURT

Exhibits.

P-1.
Probate by
Superior
Court,
Montreal,
18th April
1928.

Province of Quebec,
District of Montreal.

BE IT REMEMBERED that on this eighteenth day of April
One Thousand nine hundred and twenty-eight,

10 Before me, undersigned, Deputy-Prothonotary of the Superior
Court, for the Province of Quebec, in the District of Montreal,

CAME AND APPEARED:

20 Dame ELEANOR CURRAN, of the City of Montreal, widow
of the late Sir MORTIMER BARNET DAVIS, in his lifetime of the
same place, Knight, the Right Honourable WILLIAM JAMES,
LORD SHAUGHNESSY, of the said city of Montreal, Baron of
the United Kingdom, and ALEXANDER M. REAPER, of the same
place, Secretary, in their quality of executors and trustees under the
last will and testament of the said late Sir MORTIMER BARNET
DAVIS. (By E. W. H. Phillips, notary, their attorney.)

Who by virtue of my Fiat upon their petition presented to me
this day produced the Last Will and Testament made in the form
derived from the Laws of England of the said late Sir MORTIMER
BARNET DAVIS, deceased, at Cannes, France, on the twenty-
second day of March, 1928.

30 And prayed to be permitted to make Proof of the said Will, and
that Probate thereof be granted; and due proof of the said Will
having been made, before me, this day, as appears by the deposition
hereunto annexed, I declare the said Will hereunto also annexed,
dated the thirtieth day of November, 1927, marked with letter "A"
to be well and duly proved, and I do hereby ORDER that the said
Will be deposited in the Archives of the said Superior Court, at
Montreal, and be registered in the register of Probates of the said
Court, and that authentic copies of the said Will be given according
to law.

40 Given under my Hand and the Seal of the said Superior Court,
at the said City of Montreal.

(signed) JULES LAREAU,
Deputy-Prothonotary of the Superior Court.

I, the undersigned, do hereby certify that the foregoing Last

Will and Testament of the said Sir MORTIMER BARNET DAVIS and the Order touching the Probate of the same are true copies of the originals remaining deposited in the Archives of the Superior Court at Montreal.

Montreal, 15th May, 1928.

(signed) JULES LAREAU,
Deputy-Prothonotary of the Superior Court.

Exhibits.

—
P-1.

Probate by
Superior
Court,
Montreal,
18th April
1928—*con-
tinued.*

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Seal of the
Superior Court,
District of
Montreal,
Province of Quebec.

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PLAINTIFFS' EXHIBIT P-3

ESTATE LATE SIR MORTIMER DAVIS.

STATEMENT OF PARTICULAR LEGACIES PAYABLE IN
CASH UNDER WILL

Exhibits.
P-3.
List of
Legacies
under Will,
30th Nov-
ember 1927.

Lady Davis, for servants in Canada	\$	5,000.00
William Godsall	\$	2,000.00
F. G. Allen	\$	2,000.00
Howard Clarke	\$	1,000.00
Lord Shaughnessy	\$	1,000.00
Montreal General Hospital	\$	100,000.00
Notre Dame Hospital	\$	100,000.00
Young Men's Hebrew Association	\$	100,000.00
Federation of Jewish Philanthropies	\$	100,000.00
TOTAL		<u><u>\$411,000.00</u></u>

PLAINTIFFS' EXHIBIT P-4

ESTATE LATE SIR MORTIMER DAVIS.

STATEMENT OF ANNUITIES PAYABLE UNDER WILL.

P-4.
List of
Annuities
under Will,
30th Nov-
ember 1927.

Mortimer B. Davis, Jr.	\$	67,000.00
Lady Eleanor Davis	\$	67,000.00
M. E. Davis (Ned)	\$	10,000.00
M. H. Davis	\$	9,600.00
Mrs. M. E. Davis	\$	7,200.00
Mrs. M. D. Cowan	\$	5,000.00
Mrs. Lily D. Cochran	\$	5,000.00
Samuel Davis	\$	5,000.00
Mrs. Virginia Vehon	\$	1,200.00
A. Nathan	\$	1,200.00
Frank Matthews	\$	1,200.00
Frank Allan	\$	1,200.00
TOTAL		<u><u>\$180,600.00</u></u>

**Exhibit Group No. 2: Financial Statements of Estate at and since death,
March 22, 1928**

Exhibits.
P-50.
Statement
of the
Estate,
22nd March
1928.

PLAINTIFFS' EXHIBIT P-50

ESTATE SIR MORTIMER B. DAVIS

STATEMENT AS AT MARCH 22, 1928

ASSETS

REAL ESTATE, ETC. as per statement attached.....	\$ 255,275.00
BONDS AND SERIAL NOTES do	704,824.00
STOCKS do	9,883,875.60
RACING STABLE IN FRANCE (at 3.94) frs. 3,000,000.....	118,200.00
ACCOUNTS RECEIVABLE as per statement attached.....	\$164,887.28
DIVIDENDS DECLARED.....	6,000.00
INTEREST ACCRUED ON BONDS & DEBENTURES.....	4.83
CASH:	170,892.11

Canadian Bank of Commerce, London, £5,310/4/8 at \$4.86 2/3	25,843.15
Weatherby & Sons, London, £414/2/6 at \$4.86 2/3	2,015.40
Bank of Montreal, Ste. Agathe.....	307.24
Cash, W. Thibeault and W. Godsal.....	130.00
Cash found on Sir Mortimer and handed to Lady Davis, frs. 6,530 at \$3.94	257.28
TAXES AND INSURANCE PREPAID:	28,553.07
Insurance, Ste. Agathe.....	\$1,127.08
Taxes do	833.61
Insurance, Montreal.....	483.92
Taxes do	438.92

PERSONAL JEWELRY OF SIR MORTIMER:	922.84
Bequeathed to Mr. Mortimer B. Davis as per valuation.....	18,667.50
DAVIS TRUST RE LADY HENRIETTE DAVIS.....	1,302,896.41

\$12,486,067.22

LIABILITIES

ACCOUNTS PAYABLE, as per statement attached.....	\$1,771,193.45
BANKS:	
Canadian Bank of Commerce, Montreal.....	\$ 111,898.00
Lloyds Bank, Cannes and Paris: Net balance frs. 695,542.85 at 3.94.....	27,404.39
TRUST FUNDS:	139,302.39

Re Lady Henriette Davis.....	1,302,896.41
Re Lady Eleanor Davis.....	200,000.00
Marriage Contract, Lady Henriette Davis.....	100,000.00
Re Mortimer B. Davis.....	1,200,000.00
MARRIAGE CONTRACT, LADY ELEANOR DAVIS.....	2,802,896.41
BALANCE, SURPLUS OF ASSETS OVER LIABILITIES.....	200,000.00

In addition to this balance, there is to be taken up the Furniture, etc., in the 2 villas in France, the shares of Societe Daviso, the automobiles in France, etc., as per list attached.

Also:
\$10,000 per annum from Trust Fund of \$3,000,000 until Mr. Mortimer reaches the age of 30, after which all revenue from this Fund comes to the Estate during the lifetime of Mr. Mortimer, the revenue over the amount of \$10,000 to be added to capital until Mr. Mortimer is 30 years of age. The Deed of Donation of the \$1,200,000 specifies that the revenue over \$5,000 per annum will come to the Estate, is to be added to Capital until Mr. Mortimer is 30 years of age, after which the total revenue becomes the property of the Estate during the lifetime of Mr. Mortimer.

(See also next sheet.)

\$12,486,067.22

ESTATE SIR MORTIMER B. DAVIS

SURPLUS OF ASSETS OVER LIABILITIES AS AT MARCH 22, AS PER STATEMENT		\$7,572,674.97
DEDUCT:		
Succession Duties, say, on basis of statement		\$1,000,000.00
		<u>\$6,572,674.97</u>
DEDUCT:		
Legacies, a/c Lady Davis, for servants in Canada	\$3,800	
To Others	6,000	
		<u>9,800.00</u>
Hospitals, etc.		400,000.00
Personal Jewelry to Mr. Mortimer		18,667.50
Cash on person to Lady Eleanor Davis		257.28
		<u>428,724.78</u>
Funeral Expenses		49,225.87
Estate Expenses		1,371.46
		<u>479,322.11</u>
BALANCE IN ESTATE TO WHICH HAS TO BE ADDED ASSETS IN FRANCE YET TO BE VALUED		\$6,093,352.86
MEMO:		
Balance as above		\$ 6,093,352.86
Trust Fund re Lady Henriette Davis, which will revert to Estate		1,302,896.41
		<u>\$ 7,396,249.27</u>
Trust Funds re Mr. Mortimer B. Davis		4,200,000.00
Lady Henriette Davis		100,000.00
Lady Eleanor Davis		200,000.00
		<u>\$11,896,249.27</u>
TOTAL ESTATE AND TRUST FUNDS, TO WHICH HAS TO BE ADDED ASSETS IN FRANCE YET TO BE VALUED		\$11,896,249.27

ESTATE SIR MORTIMER B. DAVIS

ASSETS AS AT DATE OF DEATH—MARCH 22ND, 1928

Exhibits.
—
P-50.
Statement
of the
Estate,
22nd March
1928—con-
tinued.

REAL ESTATE, ETC.		
Property 516 Pine Ave. W.:		
(Assessed Value \$170,000.00)	\$170,000.00	
Contents do as per valuation	13,347.00	
		<u>\$183,347.00</u>
Property at St. Agathe des Monts:		
(Assessed value \$63,350.00)	63,350.00	
Furniture, etc., as per valuation	4,257.00	
		<u>67,607.00</u>

Exhibits. <hr style="width: 50px; margin-left: 0;"/> P-50. Statement of the Estate, 22nd March 1928—con- tinued.	North Cobalt Property:		
	½ interest in N.E. part of Lot 13 in the First Conces- sion, Township of Bucke, District of Temiskaming, Ont.		1.00
	Mount Royal Cemetery:		
	Lot No. 6, Section B, Div. 3, 1,080 ft. at \$4.		4,320.00
			<u>\$255,275.00</u>

ESTATE SIR MORTIMER B. DAVIS

ASSETS AS AT DATE OF DEATH—MARCH 22ND, 1928

BONDS AND SERIAL NOTES:

Serial Notes of Sir Mortimer Davis, Incorporated:		
20 year 6%	at \$100.00	\$703,500.00
Mount Royal Club:		
Bond 4½%	100.00	1,000.00
Robt. McNish & Co. Ltd.:		
72—20 year Debentures, par \$5.	4.50	324.00
		<u>\$704,824.00</u>

ESTATE SIR MORTIMER B. DAVIS

ASSETS AS AT DATE OF DEATH—MARCH 22ND, 1928

STOCKS:

Sir Mortimer Davis, Incorporated,		
44,625 shrs. par value \$100.	at \$170.00	\$7,586,250.00
Liggett & Myers Tobacco Co.,		
3,300 Common		
6,520 shrs. B. stock		
9,820 shrs.	108.00	1,060,560.00
Tobacco Products Co.,		
5,000 shrs.	111.00	555,000.00
Victor Talking Machine,		
6,000 shrs.	85.00	510,000.00
Wolf Advertising Co. Ltd., New York,		
750 shrs. Preferred, 7% par value \$100.		74,960.94
Royal Bank of Canada,		
167 shrs. par \$100.	356.00	59,452.00
United Cigar Stores,		
1,000 Tobacco Products "Scrip A"	25.00	25,000.00
South American Platinum Corporation,		
1,000 shrs.	3.00	3,000.00
Canadian Industrial Alcohol Co. Ltd.,		
72 shrs. Common	41.00	2,952.00
9 " "B" stock	39.00	351.00
Forest & Stream Club,		
8 shrs. 5% Permanent Stock	100.00	1,500.00

Elm Ridge Country Club, 25 shrs. par \$100.....	50.00	1,250.00
Prudential Trust Co., 10 shrs. 7% Preferred.....	50.00	500.00
Toronto Bond Exchange, 2,000 shrs. par value \$10.....		1.00
Ryan Consolidated Petroleum Corporation, 200 shrs. no par value.....	5.00	1,000.00
Mansfield Theatre Co. Ltd., 41 shrs. par \$100..... at \$ 25.00		1,025.00
Montreal Jockey Club, 10 shrs. par value \$100.....	25.00	250.00
Travellers Club, Paris, 2 shrs.....		1.00
Laurentian Golf & Country Club, 10 shrs. par \$100.....		1.00
Crescent Lorraine Silver Mining Co., Ltd., 375,000 shrs. par \$1.....		1.00
Shamrock Silver Co. Ltd., 872,749 shrs. par \$1.....		1.00
North American Cobalt Refining Co. Ltd., 13 shrs. par \$100.....		1.00
Davis Silver Cobalt Mines Ltd., 20,000 shrs. par \$1.....		1.00
Apex Porcupine Mines Ltd., 833 shrs. par \$1.....	.02	16.66
		<u>\$9,883,875.60</u>

ESTATE SIR MORTIMER B. DAVIS

ASSETS AS AT DATE OF DEATH—MARCH 22ND, 1928

ACCOUNTS RECEIVABLE:		
Sir Mortimer Davis, Incorporated.....	\$163,157.96	
Howard Clark.....	1,654.08	
Sundry Accounts re Belvoir Farm.....	75.24	
		<u>\$164,887.28</u>

ESTATE SIR MORTIMER B. DAVIS

LIABILITIES AS AT DATE OF DEATH—MARCH 22ND, 1928

ACCOUNTS PAYABLE:		
Bamberger Bros., New York.....		\$1,348,391.77
Receiver General of Canada:		
Balance Income Tax, 1920 and Interest accrued.....	\$34,885.10	
do 1921 do.....	43,811.59	
do 1925 do.....	584.71	
do 1926 do.....	341.40	
		79,622.80
Mr. Zographos, Paris, frs. 313,000 at \$3.94.....		12,332.20
Dr. Levy-Bing, Paris,		5,000.00
J. Chaumet, Paris, " 14,000.....		551.60
Mr. Henri Higgins do " 12,822.75.....		505.22
Davies & Son, do £100/14/.....		490.00

Exhibits.
P-50.
Statement
of the
Estate,
22nd March
1928—con-
tinued.

Exhibits.
—
P-50.
Statement
of the
Estate,
22nd March
1928—con-
tinued.

H. Count, Chantilly, frs.	28,779.70	1,134.71
G. Valard do "	510.00	20.09
Frank Keogh, do		
Jockey contract to Nov. 15/28, £1,500 at \$4.86½		7,300.00
Madam Audrian, Paris, frs.	100	3.94
Lucien Stable, Cannes, 284,775		11,220.13
Societe d'Encouragement 7,880		310.47
John Taylor & Sons, Cannes,		
Gas and electric, Jan. frs.	1,853.80	
do Feb.	1,712.55	
do Mar.	1,870.80	
Grosse, upholsterer	3,633.80	
Fouches, druggist	144.40	
	<u>9,215.35</u>	
		363.08
Dr. Dane Hurlburt, Cannes		75.00
Charles Cairaschi, do frs.	2,800	110.32
Dr. P. Gaudin do "	3,500	137.90
Brearley & Bascoul, do	4,227	166.54
Servants' accounts at do	52,024	2,049.75
Howard Clark, do		90.00
F. G. Allen, do		110.00
Sundry Accounts, Ste. Agathe		1,700.50
Wm. Godsall, Montreal		196.90
D. A. Bethune do		5.24
Mon. Light, Heat & Power, do		12.00
Morgan Trust Co. do		21.83
Wm. Ewing Co. Ltd. do		16.10
Hy. Morgan & Co. do		13.00
Hague & Hague do		375.00
Geo. W. Reed & Co. do		1,282.00
Imperial Tobacco Co. do		85.36
		<u>1,473,693.45</u>
DONATIONS:		
Y. M. H. A., balance of subscription	290.00	
Joint Hospital Campaign, do	7,500.00	
		<u>297,500.00</u>
		<u>\$1,771,193.45</u>

ESTATE SIR MORTIMER B. DAVIS

FUNERAL EXPENSES

Lot in Mount Royal Cemetery		\$ 4,320.00
Funeral Expenses as reported by Lady Davis, frs. 27,490		1,083.10
Brearley & Bascoul, Cannes, embalming, frs. 30,800		1,203.52
Bernard J. Lane, Paris, guineas 5,075		25,933.25
Campbell Funeral Church, Inc., New York		87.00
Mt. Royal Cemetery Co., Montreal		51.00
Wm. Wray, Inc., Montreal		1,475.00
Sunny Bank Hospital, Cannes		10.45
A. Hersey, expenses to Cannes, etc., £122/-/-	593.73	
do passage to New York	314.50	
M. B. Davis, do	1,210.00	
Expenses meeting Aquitania at Cherbourg, seeing off Mauretania, etc...	715.60	
Tender taking body to Mauretania, frs.	6,800.00	
Hotel Paris	9,580.10	
Baggage	270.50	
Salon to Cherbourg	400.00	
Rail tickets to do	755.25	
George, Chauffeur	4,000.00	
Police at Cannes	500.00	

Gratuities at Paris	1,050.00	
W. J. Taylor	25,000.00	
	<u>41,555.85</u>	
D. & H. R.R., Lord Shaughnessy, tickets to N.Y. to meet body	1,627.30	
Expenses do. in N.Y., transportation to Montreal, etc.	39.87	
	295.15	5,074.07
Abrahams Bros., chauffeur's coat and cap, Mr. Godsall	52.50	
H. Morgan & Co., gloves, Mr. Godsall	3.50	56.00
Lady Davis, passage to New York	844.00	
Other expenses, Lady Davis and A. Hersey to Montreal	1,256.00	2,100.00
Expense of opening up house for funeral:		
William Godsall, for help, etc.	53.50	
do do	43.00	
do do	92.00	
do do	50.90	
do do	157.00	
C. S. Loutit	12.00	
Montreal Light, Heat & Power Co.	11.34	
Ice Mfg. Co., Ltd.	23.98	
Guaranteed Pure Milk Co.	26.16	
Stanfords Ltd.	74.44	
Hy. Gatehouse & Sons	74.98	
Hy. Morgan & Co.	18.50	
Walter Paul Ltd.	184.76	
Crown Laundry Co.	18.08	
Br. American Dyeing Co.	10.50	
Brysons Ltd.	2.50	
Sundries	15.08	
Imperial Tobacco Co.	19.76	
Lady Davis, passage New York to Cherbourg	888.48	944.00
Estimated for Monument	\$43,225.87	
do Temple Emanu-El	5,000.00	
	1,000.00	
	<u>\$49,225.87</u>	

ESTATE SIR MORTIMER B. DAVIS

ESTATE EXPENSES ON CAPITAL A/C

Exhibits. <hr style="width: 20px; margin: 5px 0;"/> P-50. Statement of the Estate, 22nd March 1928—con- tinued.	Howard Clark:		
	Expenses self and wife to Canada	\$554.12	
	Lord Shaughnessy and Lady Davis,		
	Expenses to New York re Estate	79.74	
	Howard Clark,		
	Allowance for expenses, Apr. 18/30	173.00	
	Hy. Birks & Sons, valuing jewelry	15.00	
	Consular fees, registration of death, etc., at Cannes	66.00	\$ 887.86
	F. G. Allen, expenses moving furniture to London	frs. 8,161.00	
	" railway fares to London	" 3,906.55	
	John Taylor & Son, shipping case of papers to Montreal	" 206.45	
		<u>12,274.00</u>	483.60
			<u>\$1,371.46</u>

DEFENDANTS' EXHIBIT D-40

ESTATE SIR MORTIMER B. DAVIS

Exhibits.
 —
 D-40.
 Supple-
 mentary
 Statement
 re Succes-
 sion Duties.

ADDITIONS TO STATEMENT

AS AT MARCH 22, 1928

ASSETS:		
Stock of Societe Daviso, Paris, France, 1,850 shares of Frs. 1000. each at \$3.92.....		\$72,520.00
Furniture, etc., at Cannes as per valuation: Frs. 358,929.50 at \$3.92.....		14,070.00
Stock of Cable Silver Cobalt Mines Limited: 18,192 shares par value \$1.00. Estimated worth.....		1.00
		<hr/> \$86,591.00
LIABILITIES:		
To be added to:		
Funeral Expenses.....	\$1,211.69	
Accounts payable.....	41,061.81	
		<hr/> \$42,273.50
(As per statement attached).		
Balance to be added to returns as per Preliminary Statement, but subject to the right to make further additions to Liabi- lities as noted on statement of Accounts Payable attached...		<hr/> <u>\$44,317.50</u>

ESTATE SIR MORTIMER B. DAVIS

FUNERAL EXPENSES

Lot in Mount Royal Cemetery, Montreal.....		\$ 4,320.00
Bernard J. Lane, Paris, France..... Guineas 5,075.00		25,933.25
		<hr/>
Brearley & Bascoul, Cannes, embalming.....	Francs 20,703.00	
Commissariat de Police.....	500.00	
Rabbi at Cannes.....	5,000.00	
Rabbi at Cherbourg.....	1,500.00	
Undertaker at Cherbourg.....	16,172.00	
Undertaker at Cannes.....	27,490.00	
Sundry Expenses bringing body to Cherbourg at	5,841.80	
..... \$3.92 Francs	<hr/> 77,206.80	
		3,026.51
Campbell Funeral Church, Inc., New York.....		87.00
William Wray, Inc., Montreal.....		1,475.00
Mt. Royal Cemetery Co., Montreal.....		51.00
Sunny Bank Hospital, Cannes £2/2-.....		10.45
Expenses bringing body to Montreal:		
Lady Davis, passage to New York.....	844.00	
A. C. Hersey, passage to New York.....	314.50	
A. C. Hersey, expenses to Cannes £122/-/-....	592.00	

Other expenses Lady Davis and A. C. Hersey to Montreal:.....		1,256.00	
Robt. Howard & Co. Limited		1,381.66	
	Frs.		Frs.
Lady Davis, passage New York-Cherbourg.....	24,166.40		
Hotel Paris on way Montreal.....	9,580.10		
Baggage on way Montreal.....	270.50		
Salon to Cherbourg.....	400.00		
Gratuities at Paris.....	1,050.00		
R.R. tickets to Cherbourg.....	755.25		
Chauffeur.....	4,000.00		
	Frs. 40,222.25		
		1,576.70	
Expenses meeting Aquitania at Cherbourg:			
Seeing off "Mauretania," etc.....		715.60	
Tender taking body to "Mauretania", Frs. 6,800..		266.56	
Lord Shaughnessy, expenses to N.Y. to meet body, expenses in New York, transportation to Montreal.....		335.02	
			7,282.04
Mortimer B. Davis, passage to New York.....			1,210.00
Consular fees, registering death, Frs. 66.....			2.59
Expenses opening up house for funeral.....			906.22
Abrahams Bros. coat and cap for chauffeur.....	52.50		
Henry Morgan & Co., gloves for chauffeur.....	3.50		
			56.00
Henry Birks & Sons, mourning stationery.....			77.50
			\$44,437.56
Estimated for monument.....	5,000.00		
do Temple Emanuel re services.....	1,000.00		
			6,000.00
			\$ 50,437.56
Less: previously reported.....			49,225.87
			\$ 1,211.69

ESTATE SIR MORTIMER B. DAVIS

ACCOUNTS PAYABLE AS AT DATE OF DEATH - MARCH 22nd, 1928

	Bamberger Bros., New York.....		\$1,348,291.77
	Receiver General of Canada		
Exhibits.	Balance Income Tax 1920 and interest accrued.....	34,885.10	
D-40.	Balance Income Tax 1921 and interest accrued.....	43,811.59	
Supplementary Statement re Succession Duties	Balance Income Tax 1925 and interest accrued.....	584.71	
—continued.	Balance Income Tax 1926 and interest accrued.....	341.40	
			79,622.80

Exhibits. — D-40. Supple- mentary Statement re Succes- sion Duties —continued.	Premium on unlicensed insurance Companies.....		5.24
	Wm. Godsall, Montreal.....		196.90
	F. G. Allen, Cannes.....		110.00
	Howard Clark, Cannes.....		90.00
	Montreal Light, Heat & Power Co., Montreal.....		12.00
	Morgan Trust Co., Montreal.....		21.83
	Wm. Ewing Co., Ltd., Montreal.....		16.10
	Hy. Morgan & Co., Ltd., Montreal.....		13.00
	Imperial Tobacco Co., Ltd., Montreal.....		85.36
	Hague & Hague, Montreal.....		375.00
	Geo. W. Reed & Co., Ltd., Montreal.....		1,282.00
	Temple Emanuel, Montreal.....		125.00
	Religious of the Good Shepherd, Montreal.....		7.19
	Department of Insurance, Ottawa.....		4.70
	Sundry Accounts Payable at Ste. Agathe.....		1,700.50
	Dr. Bourcart, Cannes, France	Frs.	12,000.00
	Dr. Hurlburt, Cannes, France.....		1,875.00
	Dr. Levy-Bing, Paris.....		86,000.00
	Pharmacie Brearley Bascoul, Cannes.....		4,227.00
	Chef's Expense Account, Golfe Juan.....		34,544.60
	Maitre d'hotel, Golfe Juan.....		10,282.00
	Femme de Chambre, wages, Golfe Juan.....		2,400.00
	Valet, wages, Golfe Juan.....		2,000.00
	Geo. Roudnitzky, garage expenses, Golfe Juan....		3,000.00
	H. A. Clark, garage expenses, Golfe Juan.....		3,027.80
	Riding Stable expenses, Golfe Juan.....		8,795.50
	Telephone.....		355.60
	R. Woodson, stabling, Golfe Juan.....		2,405.00
	H. Shepherd, Golfe Juan.....		19,658.00
	Lydia Mockli, Golfe Juan.....		12,417.55
	Antoinette Bellen, Cannes.....		3,616.45
	W. J. Taylor, Cannes.....		18,490.68
	General Transport Co., Ltd., Paris.....		132,746.35
Geo. Roudnitzky, Cannes.....		916.65	
Rolls Royce Co., London, £24-0-2.....		3,028.40	
Jean Hannocque, Cannes.....		2,400.00	
Armorial Bearings, London.....		268.00	
Automobile Taxes, Cannes.....		2,964.00	
Million Guiet, Paris.....		14,800.00	
Felix Gazagnaire, Cannes.....		18,687.50	
M. Henri Higgins, Paris.....		4,624.00	
Dr. Gaudin, Cannes.....		2,500.00	
Gas and Electric Accounts, Cannes.....		5,437.15	
Grosse's, Cannes.....		3,633.80	
Le Secours Insurance Co.....		556.15	
Societe d'encouragement, Paris.....		29,890.15	
Jockey Keogh £2,000.....		248,000.00	
Henry Count, Chantilly.....		35,409.30	
Jockey Valard.....		510.00	
Simon Guthman, Paris.....		51,577.50	
S. Zographos, Paris.....		300,000.00	
Berlioz Leroy, Paris.....		5,500.00	
Argence, Paris.....		10,000.00	
Hollebeke, Paris.....		10,000.00	
Maquet, Paris.....		885.00	
D. Thomas, Paris.....		14,000.00	

Paquin, Paris	73,000.00	
Princesse Serge Melikoff, Paris	2,000.00	
Callot Soeurs, Paris	22,500.00	
Chaumet, Paris	22,000.00	
Van Clef Arpels, Paris	59,300.00	
Cartier, Paris	42,000.00	
Chanel, Paris	10,000.00	
Caroline Reboux, Paris	45,000.00	
Jansen, Paris	230,000.00	
Ch. Cairaschi, Paris	2,800.00	
Laugier, Cannes	3,326.50	
Auto Furniture, Cannes	3,688.40	
Fellegora Freres, Cannes	4,942.00	
Radisson, Cannes	5,157.00	
Bourrelier & Vivenot, Paris	575.000	
Hugh Cecile, London	5,223.20	
Burk's Peerage, London	326.40	
Watts, Golfe Juan	13,800.00	
New York Garage, Cannes	100.00	
Davis & Sons, Paris	12,400.00	
Wagner, Paris	1,900.00	
Lucien Stable, Cannes	285,000.00	
Constantin, Nice	248.00	
Marcus Colomb, Cannes	160.00	
Gaby Moro, Deauville	2,275.00	
Jean Patou, Paris	15,000.00	
Augusta Berrard, Paris	8,500.00	
Income Taxes, Cannes	10,020.20	
Personal Taxes, Cannes	1,281.94	
at \$3.92	Frs. 2,035,952.77	79,809.34
Robt. Howard & Co., Ltd., Montreal		1,591.59
Weatherby & Sons, London, £267		1,294.94
		<hr/>
		\$1,514,755.26
SUBSCRIPTIONS:		
Y.M.H.A. balance of subscription	290,000.00	
Joint Hospital Campaign	7,500.00	
		<hr/>
		297,500.00
		\$1,812,255.26
LESS previously reported		1771,193.45
		<hr/>
		\$41,061.81

Exhibits.

D-40.
Supplementary
Statement
re Succession Duties
—continued.

NOTE: Liabilities may be added to by a claim from the Income Tax Department. Sir Mortimer did not consider himself liable but definite decision has not yet been made by the Department. We must, therefore, reserve the right to add to the liabilities reported should we have to pay tax.

Exhibits.

P. 2.
Statement
of Assets
and Li-
abilities of
Estate,
22nd March
1928.

PLAINTIFFS' EXHIBIT P-2
ESTATE OF THE LATE SIR MORTIMER B. DAVIS

BALANCE SHEET AS AT MARCH 22, 1928, AFTER PROVIDING FOR LEGACIES AND BEQUESTS, FUNERAL EXPENSES, CERTAIN SUCCESSION DUTIES, ETC.

ASSETS		LIABILITIES	
REAL ESTATE, ETC., as per Exhibit V.....	\$387,545.00	BANK OVERDRAFTS:	\$111,898.00
INVESTMENT IN 6% SERIAL NOTES OF SIR MORTIMER DAVIS INCORPORATED AND IN SUNDRY BONDS as per Exhibit VI.....	704,824.00	Canadian Bank of Commerce, Montreal.....	
INVESTMENT IN STOCKS OF SIR MORTIMER DAVIS INCORPORATED AND IN SUNDRY COMPANIES as per Exhibit VII.....	9,956,395.60	Lloyds Bank:	
ACCOUNTS RECEIVABLE (Exhibit VIII):		Cannes, Balance and interest accrued.....Frs. 1,114,579.65	
Sir Mortimer Davis Incorporated (including interest accrued to March 22, 1928, on 6% Serial Notes).....	\$163,340.51	Paris, Balance and interest accrued.....Frs. 513,718.20	
Howard Clark	1,654.08		
Belvoir Farm	75.24	Less: Deposited by British Consul in Lloyds Bank, Cannes.....	1,628,297.85
CASH ON HAND AND IN BANKS:			932,755.00
Canadian Bank of Commerce, London, England.....	\$26,860.18	ACCOUNTS PAYABLE:	
Weatherby & Sons, London, England.....	2,005.91	Bamberger Bros.	\$1,348,391.77
Bank of Montreal, Ste. Agathe des Monts.....	307.24	Young Men's Hebrew Association Building—estimated cost.....	290,000.00
Petty Cash, Ste. Agathe des Monts.....	\$100.00	Joint Hospital Campaign—balance of subscription.....	7,500.00
" Montreal	30.00	Sundry Accounts Payable.....	166,363.49
Cash on person of the late Sir Mortimer B. Davis (bequeathed to Lady Eleanor Davis).....	130.00	CONTRACTS AND DONATIONS as per Exhibit IX.....	1,812,255.26
	255.98		1,700,000.00
DIVIDEND DECLARED BUT NOT PAID:		LIABILITIES CARRIED DOWN	\$3,651,418.53
Victor Talking Machine Company.....	\$6,000.00	BALANCE OF CAPITAL SURPLUS before providing for Legacies and Bequests, Funeral Expenses, Succession Duties, etc.....	7,619,531.07
INTEREST ACCRUED ON BONDS:		PROVISION FOR:	
Mount Royal Club.....	\$2.70	Legacies and Bequests as per Exhibit X.....	\$428,723.48
Robert McNish & Co. Ltd.....	2.13	Funeral Expenses	50,437.56
	4.83	Succession Duties—France and England.....	\$65,016.83
PERSONAL JEWELLERY OF THE LATE SIR MORTIMER B. DAVIS (Bequeathed to Mr. Mortimer B. Davis).....		Canada (Estimated)	1,300,000.00
UNEXPIRED INSURANCE AND PREPAID TAXES.....		Expense re Succession Duties, etc. (majority in).....	1,365,016.83
			27,141.25
		CAPITAL SURPLUS BROUGHT DOWN.....	\$7,619,531.07
		Deduct: Provision for Legacies and Bequests, Funeral Expenses, Succession Duties in France, England and Canada, and Expenses re Succession Duties, etc.....	1,871,319.12
			5,748,211.95
			<u>\$11,270,949.60</u>
			<u>\$11,270,949.60</u>

Exhibits.

P-6.
Statement
of Assets
and Lia-
bilities of
Estate,
31st May
1929.

PLAINTIFFS' EXHIBIT P-6—1

ESTATE SIR MORTIMER B. DAVIS

STATEMENT AS AT MAY 31, 1929

REAL ESTATE, FURNITURE, ETC., as per statement of Mar. 22, 1928.....		\$ 255,275.00	
LESS Sold.....	375.00		
Cemetery Lot.....	4,320.00		
		<u>4,695.00</u>	
			250,580.00
BONDS AND SERIAL NOTES do			704,824.00
STOCKS do		9,883,875.60	
Add: 27 shrs. Royal Bank.....	5,400.00		
450 shrs. Sir M. Davis, Inc.....	76,500.00		
		<u>81,900.00</u>	
		9,965,775.60	
Deduct: Stock sold at inventory value.....		<u>1,079,000.00</u>	
			8,886,775.60
STOCK OF SOCIETE DAVISO			
1,850 shrs. of Frs. 1,000 each at 3.92.....		72,520.00	
Furniture, etc., in France, as per valuation			
Frs. 358,929.50 at 3.92.....		<u>14,070.00</u>	
			86,590.00
			<u>9,928,769.60</u>
CASH WITH J. S. KANDELAFTE			
Frs. 816,414.72 at 3.92.....		31,003.47	
CASH WITH W. GODSALL AND W. THIBAUT.....		130.00	
ACCOUNTS RECEIVABLE.....		<u>897.61</u>	
			33,021.08
BALANCE REVENUE ACCOUNTS.....			<u>381,205.29</u>
			10,343,005.97
LIABILITIES			
As per list.....			<u>4,551,885.68</u>
SURPLUS.....			\$5,791,120.29
To be added:			
TRUST ACCOUNT WHICH WILL EVENTUALLY RE- VERT TO ESTATE.....			1,300,000.00

PLAINTIFFS' EXHIBIT P-6—2

ESTATE SIR MORTIMER B. DAVIS

LIABILITIES AS AT MAY 31, 1929

Sir Mortimer Davis, Incorporated.....	796,206.16
Canadian Bank of Commerce, overdraft.....	<u>9,024.95</u>

Exhibits. <hr/> P-6. Statement of Assets and Lia- bilities of Estate, 31st May 1929— <i>con- tinued.</i>	Bamberger Bros.		215,920.37
	Funeral Expenses yet to be paid.		35,507.27
	Sundry Accounts Payable.		2,226.93
	LEGACIES, ETC.:		
	Hospitals, etc.	400,000	
	Donations re Mortimer B. Davis.	1,200,000	
	re Lady Eleanor Davis.	200,000	
	Contract re Lady Henriette Davis.	100,000	
	Others.	5,000	
		<hr/>	1,905,000.00
	Estate Expenses, J. S. Kandelafté.		25,000.00
	Succession Duties, say.		1,300,000.00
	Accrued Interest.		168,000.00
	DONATIONS:		
	Y. M. H. A.	90,000.00	
Joint Hospital Campaign.	5,000.00		
	<hr/>	95,000.00	
		<hr/> <hr/>	
		\$4,551,885.68	

PLAINTIFFS' EXHIBIT P-6—3

ESTATE SIR MORTIMER B. DAVIS

SUMMARY OF RECEIPTS AND DISBURSEMENTS

MARCH 22, 1928 TO MAY 31, 1929

Loans from Sir Mortimer Davis, Incorporated.	\$796,206.16	
Overdraft Canadian Bank of Commerce.	9,024.95	
	<hr/>	\$805,231.11
Balance of Capital Disbursements over Receipts.	559,274.74	
do Revenue do	213,205.29	
Balance Cash with J. S. Kandelafté, Frs. 816,414.72		
at 3.92.	32,003.47	
A. C. Hersey.	450.00	
Lady Davis.	297.61	
	<hr/>	\$805,231.1

PLAINTIFFS' EXHIBIT P-6—4

ESTATE SIR MORTIMER B. DAVIS

ESTIMATED REVENUE ACCOUNT FOR 1 YEAR

Interest on Serial Notes.	54,000.00	
Other Interest.	66.60	
Dividends.	58,000.00	
	<hr/>	112,066.60
Annuities.	180,000.00	
Expenses Estate in France.	15,000.00	
" Pine Ave., Montreal.	10,000.00	
" Ste. Agathe des Monts.	10,000.00	

General Expenses	1,000.00	
	<u>216,000.00</u>	
Interest on \$4,500.00 at 6%.....	270,000.00	
	<u>486,000.00</u>	
BALANCE TO BE PROVIDED FOR.....		\$374,933.40
Revenue from Trust Funds and Executors' Fees not shown. One will just about offset the other for a year or two.		

PLAINTIFFS' EXHIBIT P-6—5

ESTATE SIR MORTIMER B. DAVIS

REVENUE ACCOUNTS

MARCH 22, 1928, TO MAY 31, 1929

RECEIPTS

INTEREST

On Serial Notes	\$55,331.50	
“ Mt. Royal Club Bonds.....	42.30	
“ Mt. Royal Club Bonds	42.30	
“ Robt. McNish & Co. Ltd. Debentures	19.47	
	<u>55,435.57</u>	
		\$ 55,393.27

DIVIDENDS

Wolf Advertising Co. Ltd	5,250.00	
Liggett & Myers Tobacco Co	49,100.00	
Royal Bank of Canada	2,338.00	
Can. Industrial Alcohol Co. Ltd.....	174.15	
Forest & Stream Club	40.00	
Tobacco Products Scrip.....	805.00	
	<u>57,707.15</u>	
		\$113,100.42

DISBURSEMENTS

Annuities for 14 months.....	213,803.18	
Interest.....	64,911.88	
Expenses of Racing Stable in France.....	4,735.22	
Other Expenses of Estate in France.....	4,744.30	
	<u>9,479.52</u>	
Societe Daviso Frs. 304,000 at 3.92.....	11,916.80	
Expenses re Pine Ave., Montreal.....	11,675.99	
do Ste. Agathe, Que.....	12,443.17	
Legal Expenses.....	1,065.25	
General Expenses.....	1,009.92	
	<u>326,305.71</u>	

BALANCE, BEING AMOUNT OF DISBURSEMENTS OVER RECEIPTS.....		\$213,205.29
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Exhibits.
—
P-6.
Statement
of Assets
and Liabilities of
Estate,
31st May
1929—*continued.*

Exhibits.

P-6.
Statement
of Assets
and Lia-
bilities of
Estate,
31st May
1929—*con-
tinued.*

TO WHICH IS TO BE ADDED:

RECEIPTS			
Interest on Succession Duties, Quebec	1,300,000.00		
" " Marriage Contract, Lady Henriette Davis	100,000.00		
" " Donation Lady Eleanor Davis	200,000.00		
" " Donation	1,200,000.00		
		<u>\$2,800,000.00</u>	
For say 1 year at 6% p. a.	\$2,800,000.00		
			<u>168,000.00</u>
			<u>\$381,205.29</u>

PLAINTIFFS' EXHIBIT P-6—6

ESTATE SIR MORTIMER B. DAVIS

CAPITAL RECEIPTS

MARCH 22, 1928, TO MAY 31, 1929

ACCOUNTS RECEIVABLE

Sir Mortimer Davis, Incorporated	\$163,340.51	
Howard Clark	1,654.08	
Sundry Accounts re Belvoir Farm	75.24	
		<u>\$165,069.83</u>

INTEREST ACCRUED

On Mt. Royal Club Bond	2.70	
On Robt. McNish & Co. Ltd. Debentures	2.13	
		<u>4.83</u>

DIVIDENDS DECLARED ON VICTOR TALKING MACHINE STOCK

6,000.00

CASH

Canadian Bank of Commerce, London, £5,625.16.1 at 4.84¾	27,271.06	
Weatherby & Sons, £414.2.6 at 4.84¾	2,005.91	
Cash found on person of Sir Mortimer and handed to Lady Davis, Frs. 6,530 at 3.92	255.98	29,532.95
		<u>29,532.95</u>

PERSONAL JEWELRY OF SIR MORTIMER

Bequeathed to Mr. Mortimer Davis, as per valuation		18,667.50
--	--	-----------

STOCK SOLD

5,000 shrs. Tobacco Products	565,862.50	
6,000 " Victor Talking	539,647.50	
500 " Tobacco Products Scrip	12,500.00	
15 " Mt. Bruno Country Club	3,500.00	
		<u>1,121,510.00</u>

SALE OF STABLE				
Sale at Cheri.....	Frs. 2,528,617.	at 3.92	99,121.78	
Reimbursement of Insurances.....	39,670.85	do	1,555.10	
Mary Legend.....	800,000	do	31,360.00	
Saddlery.....	15,000	do	588.00	
				132,624.88
	Frs. 3,383,287.85			
ACCOUNT OF STUTZ CAR.....				2,050.00
FURNITURE SOLD.....				375.00
ESTATE S. DAVIS.....				149.61
Deferred Charges as at March 22, 1928.....			2,883.53	
Balance at Bank of Montreal, Ste. Agathe, March 22, 1928, re Farm Account.....			307.24	
				3,190.77
				1,479.175.37
BALANCE, BEING AMOUNT DISBURSED OVER RECEIPTS.....				559,274.74
				<u>\$2,038,450.11</u>

PLAINTIFFS' EXHIBIT P-6—7

ESTATE SIR MORTIMER B. DAVIS

CAPITAL DISBURSEMENTS

MARCH 22, 1928, TO MAY 31, 1929

ACCOUNTS PAYABLE				
Applied on Bamberger Bros. Account.....			\$1,132,471.40	
Other Accounts Payable.....			161,333.43	
				\$1,293,804.83
BANKS				
Canadian Bank of Commerce, Montreal.....			111,898.00	
Lloyds Bank, Cannes and Paris, France, Net Balance Frs. 695,542.85 at 3.92.....			27,265.27	
				139,163.27
SUCCESSION DUTIES, ETC.				
Succession Duties, France Frs. 1,629,152.16				
Income Tax do			10,020.20	
Personal Tax do			1,281.92	
				64,305.80
At 3.92.....			1,640,454.28	
Succession Duties England £242.12.4 at 4.84¾..			1,176.06	
				65,481.86
FUNERAL EXPENSES.....				10,297.72
ROYAL BANK OF CANADA				
27 shrs. new Stock at 200.....				5,400.00

Exhibits.
P-6.
Statement of Assets and Liabilities of Estate, 31st May 1929—continued.

Exhibits. <hr style="width: 50px; margin-left: 0;"/> P-6. Statement of Assets and Lia- bilities of Estate, 31st May 1929—con- tinued.	H. M. MARLER		
	450 shrs. Sir Mortimer Davis, Inc., at 170.....		76,500.00
	Y. M. H. A. MEMORIAL BLDG.....		219,461.70
	JOINT HOSPITAL CAMPAIGN, acc. of Subscription.....		2,500.00
	LEGACIES, ETC.		
	Lady Eleanor Davis, Marriage Contract.....	200,000.00	
	do Cash found on person of Sir		
	M. B. Davis—Frs. 6,530		
	at 3.92.....	255.98	
	M. B. Davis, personal jewelry at valuation.....	18,667.50	
	Servants, Montreal.....	3,800.00	
	H. A. Clark.....	1,000.00	
			223,723.4
	ESTATE EXPENSES		
	Disbursements by office of J. S. Kandelafte, expenses re moving Allan family to England and H. A. Clark and wife to Montreal.....		2,117.25
		\$2,038,450.11	

PLAINTIFFS' EXHIBIT P-8

P-8.
 Auditors'
 Report and
 Statement
 of Estate,
 31st August
 1929.

PRICE, WATERHOUSE & Co.

145 St. James Street
 (Dominion Express Building)

MONTREAL, October 7th, 1929

To the Executors of the Estate
 of the late Sir Mortimer Davis.

Gentlemen:

In accordance with your instructions we have made an examination of the books and accounts of the Estate of the late Sir Mortimer B. Davis for the period from March 22, 1928 (the date of his death) to August 31, 1929, and have prepared and attach hereto the following accounts:

Balance Sheet at March 22, 1928, after providing for legacies, bequests, funeral expenses and succession duties.....	Exhibit	I
Balance Sheet at August 31, 1929.....	“	II

Statement of the Estate Capital Account as at August 31, 1929.....	Exhibit	III
Statement of Revenue and Expenditure for the period from March 22, 1928, to August 31, 1929.....	“	IV
Various Exhibits supplemental to these Statements	“	V to XI

10 In submitting these Accounts we would draw your special attention to the following points:—

- (1) A liability of \$1,300,000.00 has been set up in the Accounts for Quebec Succession Duties as compared with an amount of about \$1,350,000.00 assessed by the Department. The Executors have made a claim for certain adjustments in the Department's figures but no definite ruling has yet been made.
- 20 (2) No provision has been made for Canadian Income Tax which may be payable on the income of the late Sir Mortimer B. Davis to March 22, 1928. We understand that there is a possibility of a claim being made for the payment of Succession Duties in the United States.
- (3) The Assets of the Estate are carried at the values placed upon them by the Executors and Trustees. The principal investment is in the shares of Sir Mortimer Davis, Inc., which is carried at a value of \$170.00 per share. This represents the book value of the shares at March 31, 1928, as shown by the Balance Sheet at that date.
- 30 (4) A liability for \$14,996.14 has been set up in respect of the Young Men's Hebrew Association building. This amount represents orders placed and balances on contracts for furniture and equipment.
- (5) The Revenue of the Estate during the period under review has been credited with an amount of \$8,000.00 as the estimated revenue accruing to the Estate from the \$1,100,000.00 Trust created by the late Sir Mortimer B. Davis under date of June 3, 1924. The exact amount of the income for the period has not yet been ascertained.
- 40

Under this Trust all revenues after the payment of \$50,000.00 to the beneficiary revert to the Estate, and on the death of the beneficiary the capital also reverts to the Estate. The capital of this Trust at March 22, 1928, amounted to \$1,302,896.41.

Exhibits.
—
P-8.
Auditors' Report and Statement of Estate, 31st August 1929—continued.

Exhibits.
P.8.
Auditors'
Report and
Statement
of Estate,
31st August
1929—con-
tinued.

- 10 (6) The interest accruing to the Estate on the \$196,500.00 6% Serial Notes of Sir Mortimer Davis, Inc. held in trust by the Hon. H. M. Marler and Mr. H. B. McLean will cease as from September 17, 1929.
- (7) Under Deed of Donation for \$3,000,000.00 and \$1,200,000.00 made by the late Sir Mortimer B. Davis the Estate is receiving income of \$10,000.00 and \$5,000.00 per annum respectively. On Mr. Mortimer B. Davis attaining the age of thirty all net income up to the time of his death accrues to the Estate.
- Certain revocations were made by the late Sir Mortimer B. Davis in respect of benefits under the \$3,000,000.00 and \$1,200,000.00 Trust Donations. We understand that two actions are pending in Court by beneficiaries under these Trust Donations.
- (8) In calculating interest on the unpaid donations under the Will we have taken a rate of 6% per annum.

20 We have verified the various bank balances as at March 22, 1928, and August 31, 1929, and have seen proper vouchers supporting all disbursements for the period. As far as we could ascertain the Estate has received all the revenues paid and accruing from the investments held. We have verified by physical examination and by certificate from depositaries the various bonds and shares held by the Estate as at August 31, 1929.

We shall be glad to furnish you with any further information on the accounts that you may desire.

30

Yours very truly,

PRICE, WATERHOUSE & CO.

Exhibits,
P-8.
Auditors'
Report and
Statement
of Estate,
31st August
1929—*con-
tinued.*

PLAINTIFFS' EXHIBIT P-8—EXHIBIT I

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

BALANCE SHEET AS AT MARCH 22, 1928, AFTER PROVIDING FOR LEGACIES AND BEQUESTS, FUNERAL EXPENSES, CERTAIN SUCCESSION DUTIES, ETC.

ASSETS		LIABILITIES	
REAL ESTATE, Etc., as per Exhibit V.....	\$387,545.00	BANK OVERDRAFTS:	
INVESTMENT IN 6% SERIAL NOTES OF SIR MORTIMER DAVIS INCORPORATED AND IN		Canadian Bank of Commerce, Montreal.....	\$111,898.00
SUNDRY BONDS as per Exhibit VI.....	704,824.00	Lloyds Bank:	
INVESTMENT IN STOCKS OF SIR MORTIMER DAVIS INCORPORATED AND IN SUNDRY		Cannes, Balance and interest accrued.....Frs. 1,114,579.65	
COMPANIES as per Exhibit VII.....	9,956,395.60	Paris, Balance and interest accrued.....Frs. 513,718.20	
ACCOUNTS RECEIVABLE (Exhibit VIII):		1,628,297.85	
Sir Mortimer Davis Incorporated (including interest accrued to		Less: Deposited by British Consul in Lloyds	
March 22, 1928, on 6% Serial Notes).....	\$163,340.51	Bank, Cannes.....	932,755.00
Howard Clark	1,654.08	@ 3.92 Frs. 695,542.85	27,265.27
Belvoir Farm	75.24	ACCOUNTS PAYABLE:	
CASH ON HAND AND IN BANKS:		Bamberger Bros.	\$1,348,391.77
Canadian Bank of Commerce, London, England.....	\$26,860.18	Young Men's Hebrew Association Building—estimated cost.....	290,000.00
Weatherly & Sons, London, England.....	2,005.91	Joint Hospital Campaign—balance of subscription.....	7,500.00
Bank of Montreal, Ste. Agathe des Monts.....	307.24	Sundry Accounts Payable.....	166,363.49
Petty Cash, Ste. Agathe des Monts.....	\$100.00	CONTRACTS AND DONATIONS as per Exhibit IX.....	1,812,255.26
" " Montreal	30.00		1,700,000.00
Cash on person of the late Sir Mortimer B. Davis (bequeathed	130.00	LIABILITIES CARRIED DOWN	\$3,651,418.53
to Lady Eleanor Davis).....	255.98	BALANCE OF CAPITAL SURPLUS before providing for Legacies and	
DIVIDEND DECLARED BUT NOT PAID:		Bequests, Funeral Expenses, Succession Duties, etc.....	7,619,531.07
Victor Talking Machine Company.....	\$6,000.00		
INTEREST ACCRUED ON BONDS:		LIABILITIES BROUGHT DOWN	\$11,270,949.60
Mount Royal Club.....	\$2.70	Legacies and Bequests as per Exhibit X.....	\$428,723.48
Robert McNish & Co. Ltd.....	2.13	Funeral Expenses	50,437.56
	4.83	Succession Duties—France and England.....	\$65,016.83
PERSONAL JEWELLERY OF THE LATE SIR MORTIMER B. DAVIS (Bequeathed to Mr.		Canada (Estimated)	1,300,000.00
Mortimer B. Davis).....	18,667.50	Expense re Succession Duties, etc. (majority in).....	1,365,016.83
UNEXPIRED INSURANCE AND PREPAID TAXES.....	2,883.53		27,141.25
		CAPITAL SURPLUS BROUGHT DOWN.....	\$7,619,531.07
		Deduct: Provision for Legacies and Bequests, Funeral Expenses,	
		Succession Duties in France, England and Canada, and	
		Expenses re Succession Duties, etc.....	1,871,319.12
			5,748,211.95
			<u>\$11,270,949.60</u>

Exhibits.
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P-8.
Auditors' Report and Statement of Estate, 31st August 1929—*continued.*

PLAINTIFFS' EXHIBIT P-8—EXHIBIT II
ESTATE OF THE LATE SIR MORTIMER B. DAVIS

BALANCE SHEET

AUGUST 31, 1929

ASSETS

REAL ESTATE, Etc., as per Exhibit V.....	\$ 264,650.00
INVESTMENT IN 6% SERIAL NOTES OF SIR MORTIMER DAVIS INCORPORATED AND IN SUNDRY BONDS, as per Exhibit VI.....	704,824.00
INVESTMENT IN STOCKS OF SIR MORTIMER DAVIS INCORPORATED AND IN SUNDRY COMPANIES, as per Exhibit VII.....	8,959,186.85
ACCOUNTS RECEIVABLE (Exhibit VIII):	
A. C. Hersey.....	\$ 726.87
J. S. Kandelafte.....	1,355.39
Societe Daviso.....	706.11
Advanced remuneration on account of Trustee fees under Deeds of Donation.....	15,000.00
Ste. Agathe des Monts for rent of Lodge.....	200.00
CASH ON HAND.....	17,988.37
	<u>130.00</u>

LIABILITIES

ACCOUNTS PAYABLE:	
Bank Loan.....	\$ 215,000.00
Bank Overdraft.....	7,270.14
Sir Mortimer Davis Incorporated (including interest accrued on 6% Serial Notes)	937,605.17
Estimated provision to complete Young Men's Hebrew Association Building.....	14,996.14
Joint Hospital Campaign—balance payable	5,000.00
Funeral expenses payable.....	34,439.91
Sundry Accounts payable.....	27,477.28
	<u>\$1,241,788.64</u>
ESTIMATED PROVISION FOR CANADIAN SUCCESSION DUTIES.....	\$1,300,000.00
Interest accrued thereon from July 22, 1928.....	72,020.00
	<u>1,372,020.00</u>
LEGACIES PAYABLE, as per Exhibit X.....	405,000.00
CONTRACTS AND DONATIONS PAYABLE as per Exhibit IX.....	\$1,500,000.00
Interest accrued thereon—balance.....	118,202.77
	<u>1,618,202.77</u>
CAPITAL SURPLUS at August 31, 1929, as per Exhibit III.....	\$5,787,139.54
REVENUE ACCOUNT at August 31, 1929, as per Exhibit IV.....	443,563.76
	<u>5,343,575.78</u>

INTEREST ACCRUED:	
Mount Royal Club Bonds.....	\$ 22.50
Robert McNish & Co., Ltd., Debentures.....	6.39
On \$1,200,000.00 Trust Donation at \$5,000.00 per annum.....	\$ 7,206.62
On \$3,000,000.00 Trust Donation at \$10,000.00 per annum.....	14,413.22
On \$1,100,000.00 Trust (net estimate).....	8,000.00
	<u>\$29,619.84</u>
INSURANCE UNEXPIRED AND TAXES PREPAID.....	29,648.73
	<u>4,159.24</u>
	<u>\$9,980,587.19</u>

\$9,980,587.19

PLAINTIFFS' EXHIBIT P-8—EXHIBIT III

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

ESTATE CAPITAL ACCOUNT AS AT AUGUST 31, 1929

Balance March 22, 1928, as per Exhibit I..... \$5,748,211.95

ADD:—

Stutz Car transferred to the Estate by Mr. Mortimer
B. Davis and sold..... \$2,200.00
Received from Estate S. Davis..... 149.61

Amount received in excess of Inventory

Value on sale of Assets:—

Racing Stable in France..... \$14,424.88
5,000 Shares Tobacco Products Com-
pany..... 10,862.50
6,000 Shares Victor Talking Machine
Company..... 29,647.50
15 Shares Mount Bruno Country
Club..... 2,000.00

56,934.88

59,284.49

\$5,807,496.44

DEDUCT:—

Estimated provision to complete Young Men's
Hebrew Association Building above amount
set up as at March 22, 1928..... 20,356.90

Balance August 31, 1929, before providing for American
Succession Duties or possible Income Tax..... \$5,787,139.54

PLAINTIFFS' EXHIBIT P-8—EXHIBIT IV

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

STATEMENT OF REVENUE AND EXPENDITURE FOR THE PERIOD FROM
MARCH 22, 1928, TO AUGUST 31, 1929

Exhibits.

—
P-8.
Auditors'
Report and
Statement
of Estate,
31st August
1929—con-
tinued.

REVENUE:

Interest received and accrued on 6% Serial Notes of Sir Mortimer
B. Davis Incorporated, held by the Estate..... \$ 60,838.35
Interest received and accrued on 6% Serial Notes of Sir Mortimer
B. Davis Incorporated, held by H. M. Marler and H. B.
McLean, Trustees..... 16,993.15
Interest received and accrued on Mount Royal Club Bonds..... 64.80
Interest received and accrued on Robert McNish & Co. Limited
Debentures..... 31.26
Dividends received..... 68,386.23
Revenue accrued from \$1,200,000 Trust Donation at \$5,000.00 per
annum..... 7,206.62

Exhibits. <hr style="width: 20px; margin-left: 0;"/> P-8. Auditors' Report and Statement of Estate, 31st August 1929—con- tinued.	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Revenue accrued from \$3,000,000 Trust Donation at \$10,000.00 per annum.....</td> <td style="text-align: right; vertical-align: bottom;">14,413.22</td> <td></td> </tr> <tr> <td>Revenue accrued from \$1,100,000 Trust as from February 18, 1929 (estimated).....</td> <td style="text-align: right; vertical-align: bottom;">8,000.00</td> <td style="text-align: right; vertical-align: bottom;"><u>\$175,933.63</u></td> </tr> <tr> <td colspan="3">EXPENDITURE:</td> </tr> <tr> <td> Annuities paid as per Exhibit XI.....</td> <td style="text-align: right; vertical-align: bottom;">\$258,732.41</td> <td></td> </tr> <tr> <td colspan="3">Expenses:</td> </tr> <tr> <td> Racing Stable in France.....</td> <td style="text-align: right; vertical-align: bottom;">\$ 4,735.22</td> <td></td> </tr> <tr> <td> Taxes and Upkeep expenses (net) re Villas in France.....</td> <td style="text-align: right; vertical-align: bottom;">16,718.47</td> <td></td> </tr> <tr> <td> Rent of Villa "Les Glaieuls".....</td> <td style="text-align: right; vertical-align: bottom;">509.60</td> <td></td> </tr> <tr> <td> Other expenses in France.....</td> <td style="text-align: right; vertical-align: bottom;">4,784.91</td> <td></td> </tr> <tr> <td> Pine Avenue, Montreal, Expenses.....</td> <td style="text-align: right; vertical-align: bottom;">14,304.37</td> <td></td> </tr> <tr> <td> Ste. Agathe des Monts Expenses.....</td> <td style="text-align: right; vertical-align: bottom;">12,782.60</td> <td></td> </tr> <tr> <td> Automobile Expenses, Montreal.....</td> <td style="text-align: right; vertical-align: bottom;">322.72</td> <td></td> </tr> <tr> <td> Legal Expenses re Trust Donations, etc.....</td> <td style="text-align: right; vertical-align: bottom;">1,065.25</td> <td></td> </tr> <tr> <td> Trustees' Fees accrued.....</td> <td style="text-align: right; vertical-align: bottom;">21,619.84</td> <td></td> </tr> <tr> <td> General Office expenses.....</td> <td style="text-align: right; vertical-align: bottom;">685.44</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; vertical-align: bottom;"><u>77,528.42</u></td> <td style="text-align: right; vertical-align: bottom;">336,260.83</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; vertical-align: bottom;"><u>\$160,327.20</u></td> </tr> <tr> <td colspan="3">ADD:—Interest—</td> </tr> <tr> <td> Interest (net) on Bank Loans and Overdrafts, Exchange, etc....</td> <td style="text-align: right; vertical-align: bottom;">\$ 4,901.23</td> <td></td> </tr> <tr> <td> Interest on Sir Mortimer B. Davis Inc. Account.....</td> <td style="text-align: right; vertical-align: bottom;">41,207.94</td> <td></td> </tr> <tr> <td> Interest on Bamberger Bros. Account.....</td> <td style="text-align: right; vertical-align: bottom;">34,362.04</td> <td></td> </tr> <tr> <td> Interest on Lady Eleanor Davis' Marriage Contract.....</td> <td style="text-align: right; vertical-align: bottom;">1,649.32</td> <td></td> </tr> <tr> <td> Interest on Income Taxes paid and on Real Estate Taxes.....</td> <td style="text-align: right; vertical-align: bottom;">871.27</td> <td></td> </tr> <tr> <td> Interest on Succession Duties paid and accrued.....</td> <td style="text-align: right; vertical-align: bottom;">72,041.99</td> <td></td> </tr> <tr> <td> Interest on \$1,200,000 Trust Donation accrued.....</td> <td style="text-align: right; vertical-align: bottom;">103,775.34</td> <td></td> </tr> <tr> <td> Interest on \$100,000 Marriage Contract Trust Accrued.....</td> <td style="text-align: right; vertical-align: bottom;">7,131.51</td> <td></td> </tr> <tr> <td> Interest on \$200,000 Trust Donation accrued.....</td> <td style="text-align: right; vertical-align: bottom;">17,295.92</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; vertical-align: bottom;"><u>283,236.56</u></td> <td></td> </tr> <tr> <td>Excess of Expenditure over Revenue for the period from March 22, 1928, to August 31, 1929, before providing for Interest on Income Taxes which might be payable.....</td> <td></td> <td style="text-align: right; vertical-align: bottom;"><u><u>\$443,563.76</u></u></td> </tr> </table>	Revenue accrued from \$3,000,000 Trust Donation at \$10,000.00 per annum.....	14,413.22		Revenue accrued from \$1,100,000 Trust as from February 18, 1929 (estimated).....	8,000.00	<u>\$175,933.63</u>	EXPENDITURE:			Annuities paid as per Exhibit XI.....	\$258,732.41		Expenses:			Racing Stable in France.....	\$ 4,735.22		Taxes and Upkeep expenses (net) re Villas in France.....	16,718.47		Rent of Villa "Les Glaieuls".....	509.60		Other expenses in France.....	4,784.91		Pine Avenue, Montreal, Expenses.....	14,304.37		Ste. Agathe des Monts Expenses.....	12,782.60		Automobile Expenses, Montreal.....	322.72		Legal Expenses re Trust Donations, etc.....	1,065.25		Trustees' Fees accrued.....	21,619.84		General Office expenses.....	685.44			<u>77,528.42</u>	336,260.83			<u>\$160,327.20</u>	ADD:—Interest—			Interest (net) on Bank Loans and Overdrafts, Exchange, etc....	\$ 4,901.23		Interest on Sir Mortimer B. Davis Inc. Account.....	41,207.94		Interest on Bamberger Bros. Account.....	34,362.04		Interest on Lady Eleanor Davis' Marriage Contract.....	1,649.32		Interest on Income Taxes paid and on Real Estate Taxes.....	871.27		Interest on Succession Duties paid and accrued.....	72,041.99		Interest on \$1,200,000 Trust Donation accrued.....	103,775.34		Interest on \$100,000 Marriage Contract Trust Accrued.....	7,131.51		Interest on \$200,000 Trust Donation accrued.....	17,295.92			<u>283,236.56</u>		Excess of Expenditure over Revenue for the period from March 22, 1928, to August 31, 1929, before providing for Interest on Income Taxes which might be payable.....		<u><u>\$443,563.76</u></u>
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PLAINTIFFS' EXHIBIT P-8—EXHIBIT V

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

**STATEMENT OF REAL ESTATE, ETC., AT MARCH 22, 1928, AND
SUBSEQUENT TRANSACTIONS**

	Value as at Mch. 22, 1928	Deductions	Value as at Aug. 31, 1929
516 Pine Avenue West:			
Assessed value.....	\$170,000.00		\$170,000.00
Contents Fraser Bros. Valuation....	13,347.00 ⁽¹⁾	375.00	12,972.00
Ste. Agathe des Monts:			
Assessed value.....	63,350.00		63,350.00
Contents Fraser Bros. Valuation....	4,257.00		4,257.00

North Cobalt:			
Half Interest in N.E. part Lot 13, first concession, Township of Burke, Temiskaming, Ont.	1.00		1.00
Mount Royal Cemetery:			
Lot No. 6, Section B, Division 3, 1080 ft. at \$4.00 per ft.	4,320.00 ⁽²⁾	4,320.00	
Racing Stable in France:			
Valued at Frs. 3,000,000 at 3.94	118,200.00 ⁽³⁾	132,624.88	
		⁽⁴⁾ 14,424.88	
Furniture, etc., at Cannes:			
Valued at Frs. 358,929.50 at 3.92	14,070.00		14,070.00
	<u>\$387,545.00</u>	<u>\$122,895.00</u>	<u>\$264,650.00</u>

- (1) Sale of Furniture, credited to Asset Account 375.00
(2) Charged to Funeral Expenses 4,320.00
(3) Net Sale price of horses and saddlery, etc., Frs. 3,383,287.85 at 3.92 132,624.88
(4) Difference of \$14,424.88 credited to Estate Surplus.

PLAINTIFFS' EXHIBIT P-8—EXHIBIT VI

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

STATEMENT OF INVESTMENT IN 6% SERIAL NOTES OF SIR MORTIMER DAVIS INCORPORATED AND SUNDRY BONDS AS AT MARCH 22, 1928, AND SUBSEQUENT TRANSACTIONS, TOGETHER WITH INTEREST RECEIVED AND ACCRUED THEREON

	Value as at Mch. 22, 1928	Value as at Aug. 31, 1929	Interest received and Accrued (Mch. 22, 1928 to Aug. 31, 1929)	
703,500.00 6% Serial Notes of Sir Mortimer Davis, Inc. at \$100.00 each	\$703,500.00	\$703,500.00	Recd. \$43,250.85 Accd. 17,587.50	
Exhibits. \$1,000.00 4½% Bonds of Mount Royal Club at \$100.00 each	1,000.00	1,000.00	Recd. * 42.30 Accd. 22.50	
P-8. Auditors' Report and Statement of Estate, 31st August 1929—continued. \$360.00 6% Debentures of Robert McNish & Co. Ltd. par value \$5.00 each at \$4.50	324.00	324.00	Recd. * 24.87 Accd. 6.39	
Interest on \$196,500.00 6% Serial Notes of Sir Mortimer B. Davis, Inc., held in trust by H. M. Marler and H. B. McLean under				

Exhibits. <hr/> P-8. Auditors' Report and Statement of Estate, 31st August 1929— <i>continued.</i>	Agreement with Lord Shaughnessy dated Spet. 17, 1924, and which is payable to the Estate of Sir Mortimer B. Davis up to September 17, 1929.....	Recd. 12,080.65 Accd. 4,912.50 <hr/> \$77,927.56
	<hr/> \$704,824.00 \$704,824.00 <hr/>	Recd. \$55,398.67 Accd. 22,528.89 <hr/> \$77,927.56 <hr/>

*Received per Cash Book:

Mount Royal Club.....	\$45.00
Robt. McNish & Co., Ltd.....	27.00
	<hr/>
Less: Accrued to Mch. 22, 1928, included in Estate Capital.....	4.83
	<hr/>
	\$67.17

Exhibits.

—
P-8.
Auditors'
Report and
Statement
of Estate,
31st August
1929—*con-
tinued.*

**PLAINTIFFS' EXHIBIT P-8—EXHIBIT VII
ESTATE OF THE LATE SIR MORTIMER B. DAVIS**

	Shares and Value at March 22, 1928		Additions March 22, 1928, to August 31, 1929		Deductions March 22, 1928 to August 31, 1929		Shares and Value at August 31, 1929		Revenue received March 22, 1928, to August 31, 1929	Capital Surplus Credit
	—o. of Shares	At	Amount	No. of Shares	At	Amount	No. of Shares	At		
Sir Mortimer Davis Incorporated, par value of \$100.00 each.....	44,625	\$170.00	\$7,586,250.00	500	\$170.00	\$ 8,500.00	45,075	\$170.00	\$7,662,750.00	
Liggett & Myers Tobacco Company.....	3,300	108.00	1,060,560.00				3,300	108.00	1,060,560.00	
Tobacco Products Company.....	6,520	111.00	555,000.00				6,520			
Victor Talking Machine Company.....	5,000	85.00	510,000.00			565,862.50				
Wolf Advertising Company, New York 7% Preferred par value of \$100.00 each.....	6,000	cost	74,960.94							10,862.50
Royal Bank of Canada, par value of \$100.00 each.....	167	356.00	59,452.00	27	200.00	539,647.50	750	Cost	74,960.94	29,647.50
United Cigar Stores, Products Scrip "A".....										
South American Platinum Corporation.....	1,000	25.00	25,000.00							
Canadian Industrial Alcohol Company Limited Common "B".....	1,000	3.00	3,000.00							
Forest & Stream Club—5% Permanent Stock.....	72	41.00	2,952.00							
Mount Bruno Country Club—par value \$100.00 each.....	9	39.00	351.00							
Elm Ridge Country Club—par value \$100.00 each.....	8	100.00	800.00			108.75	194	25.00	64,743.25	2,941.30
Prudential Trust Company—7% Preferred Stock.....	15	100.00	1,500.00			12,500.00	500	3.00	12,500.00	805.00
Toronto Bond Exchange—par value \$10.00 each.....	25	50.00	1,250.00				1,000			
Ryan Consolidated Petroleum Corporation No Par Value.....	10	50.00	500.00				25	50.00	1,250.00	
Mansfield Theatre Company Limited Par Value \$100.00 each.....	2,000	5.00	10,000.00				10	50.00	500.00	2,000.00
Montreal Jockey Club—par value \$100.00 each.....	200	25.00	5,000.00				200	5.00	1,000.00	
Travellers Club, Paris.....	41	25.00	1,025.00				41	25.00	1,025.00	
Laurentian Golf & Country Club Par Value \$100.00 each.....	10	25.00	250.00				10	25.00	250.00	
Crescent Lorraine Silver Mining Company Limited Par Value \$1.00 each.....	2	1.00	2.00				2	1.00	2.00	
Shamrock Silver Company Limited Par Value \$1.00 each.....	10	1.00	10.00				10	1.00	10.00	
North American Cobalt Refining Company Limited Par Value \$100.00 each.....	375,000	1.00	375,000.00				375,000	1.00	375,000.00	
Davis Silver Cobalt Mines Limited Par Value \$1.00 each.....	872,749	1.00	872,749.00				872,749	1.00	872,749.00	
Apex Porcupine Mines Limited Par Value \$1.00 each.....	13	1.00	13.00				13	1.00	13.00	
Cable Silver Cobalt Mines Limited Par Value \$1.00 each.....	20,000	1.00	20,000.00				20,000	1.00	20,000.00	
Societe Daviso Par Value Frances 1,000 each.....	833	2c	16.66				833	2c	16.66	
	18,192	1.00	18,192.00				18,192	1.00	18,192.00	
	1,850	Frs. 1,000 at 3.92	72,520.00				1,850	Frs. 1,000 at 3.92	72,520.00	
			\$9,956,395.60			\$1,130,118.75			\$8,959,186.85	\$68,386.23
										\$42,510.00

Received by Bamberger Bros..... \$45,205.00
 " Sir Mortimer Davis Inc..... 1,312.50
 " in cash (gross)..... 21,868.73
\$68,386.23

PLAINTIFFS' EXHIBIT P-8—EXHIBIT VIII
ESTATE OF THE LATE SIR MORTIMER B. DAVIS

STATEMENT OF SUNDRY ASSETS AS AT MARCH 22, 1928, AND SUBSEQUENT TRANSACTIONS

	Amount as at Mch. 22, 1928	Additions	Deductions	Amount as at Aug. 31, 1929
ACCOUNTS RECEIVABLE.				
Sir Mortimer Davis Inc. (including interest accrued on 6% Serial Notes).....	\$163,340.51	\$ 91,086.31	Cash.....\$ 805,000.00 Sundries..... 387,031.99	\$937,605.17
Howard Clarke.....	1,654.08	Interest.. 76.82	Cash..... 730.90 Legacy..... 1,000.00	
Belvoir Farm.....	75.24		Expenses, St. 75.24 Agathe.....	
A. C. Horsey.....		Sundries.. 6,129.45	Cash..... 2,156.24 Sundries..... 3,246.34	726.87
J. S. Kandelafté.....		Cash..... 97,010.37 Sundries.. 173,131.96	Sundries..... 268,786.94	1,355.39
Trustees under Deed of Donation.....				
Sté. Agathe des Monts.....		15,000.00		15,000.00
Societe Daviso.....		Rent..... 200.00 Sundries.. 706.11		200.00 Paid, Sept., 1929 706.11
Dividend declared but not paid Victor Talk- ing Machine Co.....	\$165,069.83	\$383,341.02		\$937,605.17 17,988.37
Interest accrued on Bonds.....	6,000.00		Bramberger Bros. 6,000.00 Cash..... 4.83	28.89
Personal Jewelry of the late Sir Mortimer B. Davis.....	18,667.50		Delivered to Mr. Mortimer B. Davis..... 18,667.50	29,619.84 4,159.24
Interest, etc., accrued from Trust Donations. Unexpired Insurance and Prepaid Taxes.....	2,883.53	29,619.84 1,275.71		\$937,605.17 51,796.34
	\$192,625.69	\$414,265.46		

PLAINTIFFS' EXHIBIT P-8—EXHIBIT IX

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

CONTRACTS AND DONATIONS PAYABLE MARCH 22, 1928, AND
AUGUST 31, 1929

	Payable at Mch. 22, 1928	Paid since	Payable at Aug. 31, 1929
Deed of Donation dated August 1, 1923, to Lord Shaughnessy, Mortimer B. Davis and H. M. Marler, Trustees, payable on demand of Trustees.	\$1,200,000.00		\$1,200,000.00
Deed of Donation dated Oct. 26, 1921, to H. M. Marler and J. B. Waddell, Trustees, payable on demand of Trustees.	200,000.00		200,000.00
Marriage Contract dated October 20, 1897 in favour of Lady H. M. Meyer to Lord Shaughnessy, A. M. Reaper and the Royal Trust Company, Trustees, payable at the end of three months after death of late Sir Mor- timer B. Davis.	100,000.00		100,000.00
Marriage Contract dated May 24, 1924, in favour of Lady Eleanor Davis, payable within three months after death of late Sir Mortimer B. Davis, with interest at 7% per annum.	200,000.00	200,000.00	
	<u>\$1,700,000.00</u>	<u>\$200,000.00</u>	<u>\$1,500,000.00</u>

PLAINTIFFS' EXHIBIT P-8—EXHIBIT X

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

LEGACIES AND BEQUESTS

Exhibits. P-8. Auditors' Report and Statement of Estate, 31st August 1929—con- tinued.	As at Mch. 22, 1928	Deductions March 22, 1928, to August 31, 1929	As at Aug. 31, 1929
Lady Davis, for servants in Canada.	\$ 3,800.00	Paid June 14 1928. \$ 3,800.00	
William Godsall.	2,000.00		2,000.00
F. G. Allen.	2,000.00		2,000.00
Howard Clarke.	1,000.00	Offset against Accts. Rec. Bal. 1,000.00	

	Lord Shaughnessy.....	1,000.00		1,000.00
	Montreal General Hospital.....	100,000.00		100,000.00
Exhibits.	Notre Dame Hospital... ..	100,000.00		100,000.00
	Young Men's Hebrew Association.....	100,000.00		100,000.00
P-8.	Federation of Jewish Philanthropies.....	100,000.00		100,000.00
Auditors' Report and Statement of Estate, 31st August 1929—continued.	Personal Jewelry of the late Sir Mortimer B. Davis.....	18,667.50	Delivered to Mr. Mortimer B. Davis.....	18,667.50
	Cash found on person of the late Sir Mortimer B. Davis.....	255.98	Handed to Lady Eleanor Davis.	255.98
		<u>\$428,723.48</u>		<u>\$23,723.48</u> <u>\$405,000.00</u>

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Exhibits.

P-8.
Auditors'
Report and
Statement
of Estate,
31st August
1929—*con-
tinued.*

PLAINTIFFS' EXHIBIT P-8—EXHIBIT XI
ESTATE OF THE LATE SIR MORTIMER B. DAVIS

ANNUITIES PAID MARCH 22, 1928 TO AUGUST 31, 1929												
	Mortimer B. Davis	Lady Eleanor Davis	M. E. Davis (Ned)	M. H. Davis was receiving (\$7,000.00 p.a.)	Mrs. M. E. Davis	Mrs. M. D. Cowan	Mrs. Lily D. Cochran	Samuel Davis	Mrs. Virginia Vehon	A. Nathan	Frank Matthews	Frank Allan
	per annum	per annum	per annum	per annum	per annum	per annum	per annum	per annum	per annum	per annum	per annum	half of wages
1928												
March 22—April 30	\$7,235.38	\$7,235.38	\$983.73	\$800.00	\$600.00	\$421.60	\$416.66	\$416.66	\$100.00	\$89.24	\$100.00	
May	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	89.24	100.00	
June	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	111.55	100.00	100.00
July	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	89.24	100.00	100.00
August	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	89.24	100.00	100.00
September	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	111.55	100.00	100.00
October	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	89.24	100.00	100.00
November	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	89.24	100.00	100.00
December	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	111.55	100.00	100.00
1929												
January	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	89.24	100.00	100.00
February	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	89.24	100.00	100.00
March	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	111.55	100.00	100.00
April	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	89.24	100.00	100.00
May	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	89.24	100.00	100.00
June	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	111.55	100.00	100.00
July	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	89.24	100.00	100.00
August	5,583.33	5,583.33	833.33	800.00	600.00	416.66	416.66	416.66	100.00	111.55	100.00	100.00
Exchange				43.48						49.06		
	\$96,568.66	\$96,568.66	\$14,317.01	\$13,643.48	\$10,200.00	\$7,088.16	\$7,083.22	\$7,083.22	\$1,000.00	\$1,700.00	\$1,600.00	\$1,500.00

(A) Paid on weekly basis.

(B) April, 1928, paid by the late Sir Mortimer B. Davis.

(C) \$100.00 per month on information from Secretary of the late Sir Mortimer B. Davis.

Total paid:

Mortimer B. Davis	\$ 96,568.66
Lady Eleanor Davis	96,568.66
M. E. Davis	14,317.01
M. H. Davis	13,600.00
Exchange	43.48
Mrs. M. E. Davis	10,200.00
Mrs. M. D. Cowan	7,088.16
Mrs. Lily D. Cochran	7,083.22
Samuel Davis	7,083.22
Mrs. Virginia Vehon	1,000.00
A. Nathan	1,700.00
Frank Matthews	1,600.00
Frank Allan	1,500.00
	<u>\$258,352.41</u>

Add: Paid for April, 1928:—

Mrs. Celia Cohen	100.00
Mrs. Paula Davis	200.00
Mrs. E. O'Grady	80.00
	<u>380.00</u>

Not provided for in Will but authorized by Executors.

\$258,732.41

Exhibits.

P-75.
Auditors'
Statement of
the Estate,
30th Sept-
ember 1929.

PLAINTIFFS' EXHIBIT P-75

10

PRICE, WATERHOUSE & CO.

145 St. James Street
(Dominion Express Building)

MONTREAL, Dec. 11, 1929

To the Executors of the Estate
of the late Sir Mortimer B. Davis.

20 Gentlemen:

In accordance with instructions we have brought our examination of the books and accounts of the Estate of the late Sir Mortimer B. Davis up to September 30, 1929. Our previous examination covered the period from March 22, 1898, to August 31, 1929, and we would refer you to our report thereon dated October 7, 1929.

We have now prepared and attach hereto a Balance Sheet as at September 30, 1929 (Exhibit A) and a Statement of Revenue and Expenditure for the period from March 22, 1928, to September 30, 1929 (Exhibit B).

30 So far as we could ascertain the Estate has received all the revenue paid or accruing from the investments held by the Estate.

No other points calling for special mention were disclosed by our examination of the Estate records for the month of September, 1929, but we shall be glad to furnish you with any further information in regard to the Accounts now submitted that you may desire.

Yours very truly,

PRICE, WATERHOUSE & Co.

40

Exhibits.
P-75.
Auditors'
Statement
of the
Estate,
30th Sept-
ember 1929
—continued.

PLAINTIFFS' EXHIBIT P-75—EXHIBIT A
ESTATE OF THE LATE SIR MORTIMER B. DAVIS

BALANCE SHEET SEPTEMBER 30, 1929

ASSETS	LIABILITIES
REAL ESTATE, ETC.	ACCOUNTS PAYABLE:
INVESTMENT IN NOTES AND DEBENTURES:	Bank Loan (secured)
Sir Mortimer Davis Incorporated 6% Serial	Bank Overdraft
Notes \$703,500.00 at par value \$703,500.00	Sir Mortimer Davis Inc. (after crediting
Robert McNish & Co. Limited 6% Debentures	interest accrued on 6% Serial Notes)
\$360.00 par value of \$5.00 each at \$4.50 324.00	Estimated provision to complete Young
Men's Hebrew Association Building	Joint Hospital Campaign, balance payable
INVESTMENT IN STOCKS OF SIR MORTIMER DAVIS	Funeral Expenses Payable
INCORPORATED AND IN SUNDRY COMPANIES	Sundry Accounts Payable
ACCOUNTS RECEIVABLE:	
A. C. Hersey 726.87	
J. S. Kandelafte 1,355.39	
Societe Daviso 706.11	
Advanced remuneration on account of Trustee	
Fees under Deeds of Donation 15,000.00	
CASH ON HAND	
INTEREST ACCRUED:	
Robert McNish & Co. Limited Debentures . . . \$ 2.79	
On \$1,200,000.00 Trust Donation at	
\$5,000.00 per annum \$ 7,623.29	
On \$3,000,000.00 Trust Donation at	
\$10,000.00 per annum 15,246.55	
On \$1,100,000.00 Trust (net esti-	
mate) 9,000.00	
INSURANCE UNEXPIRED AND TAXES PREPAID 31,689.84	
\$ 264,650.00	\$ 215,000.00
	12,011.39
	941,649.32
	11,521.11
	5,000.00
	34,439.91
	30,274.11
	\$1,249,895.84
	ESTIMATE PROVISION FOR CANADIAN SUCCESSION
	DUTIES \$1,309,000.00
	Interest accrued thereon from July 22, 1928
	77,436.67
	1,377,436.67
	405,000.00
	1,625,702.77
	LEGACIES PAYABLE
	CONTRACTS AND DONATIONS PAYABLE \$1,500,000.00
	Interest accrued thereon—balance 125,702.77
	CAPITAL SURPLUS:
	Balance at August 31, 1929 . . . \$5,787,139.54
	Less: Expenses re Succession
	Duties in England 179.04
	\$5,786,960.50
	REVENUE ACCOUNT AT SEPTEMBER 30, 1929:
	Excess of Expenditure over Revenue for the
	period from March 22, 1928, to September
	30, 1929, as per statement attached (Ex-
	hibit B) 463,910.80
	5,323,049.70
	\$9,981,084.98

PLAINTIFFS' EXHIBIT P-75—EXHIBIT B

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

STATEMENT OF REVENUE AND EXPENDITURE FOR THE PERIOD FROM
MARCH 22ND, 1928 TO SEPTEMBER 30, 1929

Exhibits.
—
P-75.
Auditors'
Statement
of the
Estate,
30th Sept-
ember 1929
—continued.

REVENUE:			
Interest received and accrued on 6% Serial Notes of Sir Mortimer Davis Incorporated, held by the Estate.....		\$64,355.85	
Interest received and accrued on 6% Serial Notes of Sir Mortimer Davis Incorporated, held by H. M. Marler and H. B. McLean, Trustees.....		17,555.73	
Interest received and accrued on Mount Royal Club Bonds....		64.80	
Interest received and accrued on Robert McNish & C.: Limited Debentures.....		32.97	
Dividends received.....		78,788.23	
Revenue accrued from \$1,200,000 Trust Donation at \$5,000.00 per annum.....		7,623.29	
Revenue accrued from \$3,000,000 Trust Donation at \$10,000.00 per annum.....		15,246.55	
Revenue accrued from \$1,100,000 Trust as from February 18, 1929 (estimated).....		9,000.00	
		<u> </u>	\$192,667.42
EXPENDITURE:			
Annuities paid.....		\$273,688.88	
Expenses:			
Racing Stable in France.....	\$	4,735.22	
Taxes and Upkeep Expenses (net) re Villas in France.....		17,790.03	
Rent of Villa "Les Glaieuls".....		578.20	
Other Expenses in France.....		4,784.91	
Pine Avenue, Montreal Expenses.....		15,019.20	
Ste. Agathe des Monts Expenses.....		13,216.67	
Automobile Expenses, Montreal.....		322.72	
Legal Expenses re Trust Donations, etc.....		1,065.25	
Trustees Fees Accrued.....		22,869.84	
General Office Expenses.....		694.48	
		<u> </u>	81,076.52
			<u>354,765.40</u>
			\$162,097.98
Add: Interest:—			
Interest (net) on Bank Loans and Overdrafts, Exchange, etc....	\$	5,920.66	
Interest on Sir Mortimer Davis, Inc. Account.....		45,848.10	
Interest on Bamberger Bros. Account.....		34,362.04	
Interest on Lady Eleanor Davis' Marriage Contract.....		1,649.32	
Interest on Income Taxes paid and on Real Estate Taxes.....		871.27	
Interest on Succession Duties paid and accrued).....		77,458.66	
Interest on \$1,200,000 Trust Donation accrued.....		109,775.34	
Interest on \$100,000 Marriage Contract Trust Accrued.....		7,631.51	
Interest on \$200,000 Trust Donation accrued.....		18,295.92	
		<u> </u>	301,812.82
Excess of Expenditure over Revenue for the period from March 22, 1928 to September 30, 1929, before providing for Interest on Income Taxes which might be payable.....			<u><u>\$463,910.80</u></u>

Exhibit Group No. 3: Financial Statements of the Incorporated Company since death of Sir Mortimer Davis, March 22, 1928

DEFENDANTS' EXHIBIT D-19

Exhibits.
—
D-19.
Statement
of Estate
for Succession
Duties,
31st March
1928.

PRICE, WATERHOUSE & CO. 145 St. James Street
(Dominion Express Building)

10 To the Directors,
Sir Mortimer Davis, Incorporated,
Montreal, P.Q.

Montreal, June 12, 1928.

Dear Sirs:

20 In accordance with instructions we have made an examination of the books and accounts of Sir Mortimer Davis Incorporated for the half year ending March 31, 1928, and have prepared and attach hereto a Statement of Assets and Liabilities of the Company shown thereby as at that date (Exhibit A) and supporting Statements of Investments in Stocks and Shares, etc., Properties, Loans and Life Insurance Policies (Exhibits B, C, D and E). In connection therewith we would make the following remarks:

The Statement of Assets and Liabilities at March 31, 1928, now submitted shows the book value of the Capital Investment in the Company at \$8,489,578.82 which is equivalent to \$169.79 per share in respect of the 50,000 shares of the Company issued and outstanding at that date.

30 We understand that this Statement is required for the purpose of determining the value of the shares of the Company's capital stock and in this connection we would quote Article 30 of the Company's by-laws which reads in part as follows:

“At each annual meeting of the Company it shall be the duty of the shareholders to estimate and establish the real value of the Company's Capital Stock, such estimation to be based on the financial results of the Company's operations as shown by the statement of its affairs before them.”

40 By-law No. 31 limits to some extent the transfer and sale of shares of the Company but provides for the sale thereof, as between shareholders, at the price determined in accordance with by-law No. 30.

With a view to assisting the Directors and Shareholders of the Company in determining the value of the Shares as called for by the Company's by-laws we give below the operating profits of the Company for the four and a half years ending March 31, 1928:

Year ending September 30, 1924	\$241,372.90
do do 1925	171,744.04
do do 1926	224,225.29
do do 1927 (which included a Capital Stock bonus of \$454,039.00 received from the Canadian Industrial Alcohol Company Limited)	701,854.86
Half year ending March 31, 1928	204,664.77

10 These operating profits show returns on the issued Capital Stock of 50,000 Shares as under:—

Year ending September 30, 1924	\$4.83 per share
do do 1925	3.43 "
do do 1926	4.48 "
do do 1927 (exclusive of Capital Stock Bonus)	4.95 "
Average for 4 years ending Sept. 30, 1927 (exclusive of Capital Stock Bonus)	4.42 "
20 Average for 3 years ending Sept. 30, 1927 (exclusive of Capital Stock Bonus)	4.29 "
Half year ending March 31, 1928	4.09 "

As before mentioned the attached Statement of Assets and Liabilities at March 31, 1928, gives the issued Capital Stock of the Company of a par value of \$5,000,000.00 a book value of \$8,489,578.82 on which the earnings for the half year ending March 31, 1928, show a return of 2.41% or the equivalent of 4.82% per annum.

30 On any calculations based on the returns as set forth above it would not appear that the Capital Stock of the Company had a value of \$170.00 per share, but this figure might be considered reasonable for the purposes of sale as between shareholders, as well as for establishing the value to be placed on the shares of the Company owned by the late Sir M. B. Davis at March 22, 1928.

We shall be glad to furnish you with any further information that you may desire.

Yours very truly,

(Sgd.) PRICE, WATERHOUSE & Co.

40

Exhibits.

D-19.
Statement
of Estate
for Succession
Duties,
31st March
1928—con-
tinued.

Exhibits.
 D-19.
 Statement
 of Estate
 for Succession
 Duties,
 31st March
 1928—con-
 tinued.

DEFENDANTS' EXHIBIT D-19—A

SIR MORTIMER DAVIS INCORPORATED

STATEMENT OF ASSETS AND LIABILITIES MARCH 31, 1928

ASSETS (Book Value)		LIABILITIES	
Investments in Stocks and Debentures (Exhibit B)		Twenty Year 6% Serial Notes Outstanding	\$4,140,000.00
Properties (Exhibit C)	\$14,715,575.45	Bank Loans (Secured)	3,590,504.19
Loans and Interest Accrued (Exhibit D)	184,833.71	Amounts due to Shareholders	199,515.55
Life Policies (Exhibit E)	470,456.43	Dr. & Mrs. S. Davis Trust	25,000.00
Cash in Bank and on Call Loan	185,000.00	Interest Accrued on Serial Notes:	
Accounts Receivable	1,058,293.30	Sir M. B. Davis Estate less Contra Account	\$165,622.24
Dividends Accrued on McNish & Co. Debentures	3,867.10	J. B. Waddell	46,118.51
Office Furniture (Depreciated Book Value)	18,540.98	H. M. Marler	900.00
Office Fixtures less proportion written off	3,442.68		212,640.75
	17,229.66		\$8,167,660.49
		Shareholders Account:	
		Being excess of Assets as per other side and Liabilities, and representing the book value of 50,000 shares of \$100.00 each issued and outstanding, being equivalent to \$169.79 per share	8,489,578.82
			<u>\$16,657,239.31</u>
			<u>\$16,657,239.31</u>

DEFENDANTS' EXHIBIT D-19—B
SIR MORTIMER DAVIS INCORPORATED
INVESTMENTS IN STOCKS AND SHARES, ETC.
MARCH 31, 1928

		Number of Shares	Book Value
Canadian Industrial Alcohol Company Limited	Common	496,340	\$9,926,800.00
do do do	" B	61,980	1,239,600.00
Robert McNich & Company Limited	6% Debentures	494,426	2,224,917.00
Asbestos Corporation Limited	Common	5,000	106,071.88
Anglo Scottish Amalgamated Co.	Common	5,000	23,630.13
Consolidated Asbestos Limited	Common	37,185	609,000.00
Crescent Lorraine Silver Mining Co.	Common	499,950	1.00
Croesus Gold Mines	Common	9,000	1.00
Crown Trust Company	Common	200	23,000.00
Dominion Reduction Company Limited	Common	635,302	1.00
General Cigars Company Limited	Preferred	852	1.00
do do	Common	6,422	1.00
Harbins Limited	Preferred	5,000	24,333.33
Imperial Tobacco Company	Common	5,000	31,187.20
Mason Valley Mines Company	Common	5,228	5,228.00
National Steel Car Corporation	Common	107	4,591.00
Trans-Canada Theatres Limited	Preferred	4,000	
do do	Common	2,400	1.00
Royal Bank of Canada	Common	1,134	227,401.53
Union Tobacco Company	Common	10,000	249,765.63
Union Cigar Company			
Instalment of \$2.00 per share on		10,000	20,043.75
			\$14,715,575.45

Exhibits.

D-19.
Statement
of Estate
for Succes-
sion Duties,
31st March
1928—con-
tinued.

DEFENDANTS' EXHIBIT D-19—C
SIR MORTIMER DAVIS, INCORPORATED
PROPERTIES (BOOK VALUES) MARCH 31, 1928

Notre Dame de Grace	\$19,045.35
North Shore Mining Property	15,000.00
Federal Coals Property	10,000.00
St. James Street Property	115,744.96
319 Peel Street	25,043.40
	\$184,833.71

DEFENDANTS' EXHIBIT D-19—D

SIR MORTIMER DAVIS INCORPORATED

STATEMENT OF LOANS MARCH 31, 1928

Exhibits.
—
D-19.
Statement
of Estate
for Succession
Duties,
31st March
1928—*con-
tinued.*

Loans secured by deposit of		
McNish & Co. Ltd. Debentures	\$107,200.70	
Canadian Industrial Alcohol Company Class B Stock	8,911.40	\$116,112.10
Rt. Hon. Lord Shaughnessy, including Interest accrued		54,344.33
		<u>\$170,456.43</u>
Dominion Reduction Company		
Secured by deposit of—		
177,582 Shares Mason Valley Mines Co.		
10 Shares of \$100.00 each of Capital Stock of D. M. Stindler Holding Co. Inc.		
and stated at estimated realisable value of Collat- eral Security of say		300,000.00
		<u>\$470,456.43</u>

DEFENDANTS' EXHIBIT D-19—E

SIR MORTIMER DAVIS INCORPORATED

PARTICULARS OF LIFE INSURANCE POLICIES MARCH 31, 1928

Policy No.	Name of Company	Amount of Insurance
412429	Travellers Insurance Co. of Hartford	\$75,000.00
2252362	Equitable Life Assurance Society of The United States	45,000.00
183673	Manhattan Life Insurance Company of New York	5,000.00
2430461	Mutual Life Insurance Company of New York	10,000.00
486064	Aetna Life Insurance Company of Hartford	50,000.00
		<u>\$185,000.00</u>

PLAINTIFFS' EXHIBIT P-51

PRICE, WATERHOUSE & Co.,
145 St. James Street
(Dominion Express Building)

MONTREAL, November 29, 1928.

The President and Directors,
Sir Mortimer Davis Inc.,
Montreal, P.Q.

Exhibits.
—
P-51.
Annual
Statement
of the In-
corporated
Company,
30th Sept-
ember 1928.

Dear Sirs:

In accordance with instructions we have made an examination of the books and accounts of Sir Mortimer Davis Incorporated for the year ending September 30, 1928, and have prepared and attach hereto the following preliminary Financial Statements:

Exhibit A Balance Sheet September 30, 1928.

- “ B Statement of Profit and Loss for the year ending September 30, 1928.
- “ C List of Investments in Stocks and Bonds and income therefrom for the year.
- “ D List of Properties.
- “ E List of Demand and Other Loans and Income therefrom for the year.
- “ F List of Insurance Policies on the life of the late Sir Mortimer B .Davis.

In connection with these statements we would make the following remarks.

The Company's investments in Stocks and Bonds are carried on the books at September 30, 1928 at a value of \$14,579,67.860 which compares with a book value of \$10,565,480.18 at September 30, 1927, the increase of \$4,014,198.42 being made up as follows:

Net Increase resulting from the revaluation at March 31, 1928 of the Company's investments in Capital Stocks of other Companies.

Canadian Industrial Alcohol Co. Ltd.:

Ordinary Stock, Book Value increased from \$17.50 to \$20.00 per share 496,340 shares at \$2.50.....	\$1,240,850.00
--	----------------

Less: Amounts written off book values of following Stocks:—	
Consolidated Asbestos Ltd.	
From \$1,000,000 to \$609,000	\$391,000.00
Mason Valley Mines Company:	
From \$7,842.00 to \$5,228.00	2,614.00
Crescent Lorraine Silver Mining Co.:	
From \$21,567.74 to \$1.00	21,566.74
General Cigars Co. Ltd. Preferred:	
From \$85,200.00 to \$1.00	85,199.00
General Cigars Co. Ltd. Common:	
From \$394,980.00 to \$1.00	394,979.00
	895,358.74
Net Increase	\$ 345,491.26

Stocks Purchased:

Canadian Industrial Alcohol Co. Ltd.:	
Class "B" 61,980 shares at cost of	\$1,239,600.00
Anglo Scottish Amalgamated Corpn.:	
5,000 Shares at cost of	23,630.13
Crown Trust Company:	
150 Shares at cost of	18,000.00
Union Cigar Company:	
10,000 Shares at cost of	50,146.90
Union Tobacco Company:	
10,000 Shares at cost of	249,765.63
	1,581,142.66

Debentures purchased:

Robert McNish & Co. Limited:	
494,426 Debentures of a par value of \$5.00 each purchased for	2,224,917.00
	\$4,151,550.92

Deduct:

Net Sales of Canadian Industrial Alcohol Company Limited Stocks:—	
Class "A"	
Net Sales April 1 to Sept. 30, 1928, 2,240 shares carried on the books of the com- pany at a value of \$20.00 per share	\$44,800.00
Less: Net Purchases Oct. 1, 1927 to March 31, 1928:—	
1,637 shares carried on the books of the Company at a value of \$17.50 per share	28,647.50
	\$16,152.50
Class "B" Stock:	
Net Sales of 6,060 shares carried on the books of the Company at a value of \$20.00 per share	121,200.00
	137,352.50

\$4,014,198.42

Exhibits.
—
P-51.
Annual
Statement
of the In-
corporated
Company,
30th Sept-
ember 1928
—continued.

An amount of \$179,573.92 has been credited to Profit and Loss in respect of profit on sales of Canadian Industrial Alcohol Company Limited stocks during the year as set forth below:—

Exhibits.
P-51.
Annual
Statement
of the In-
corporated
Company,
30th Sept-
ember 1928
—continued.

		Class "A"		Gain or Loss	
		Half year ending March 31, 1928—			
		Purchases.....	7,115	37.79	\$268,859.45
		Sales.....	5,478	39.69	216,823.15
		Net Purchases.....	1,637	31.79	\$ 52,036.30
10		Book Value.....	1,637 @	17.50	28,647.50 \$ 23,388.80
		Half year ending September 30, 1928—			
		Sales.....	2,500	43.50	\$108,755.80
		Purchases.....	260	40.82	10,612.37
		Net Sales.....	2,240	43.81	98,143.43
		Book Value.....	2,240 @	20.00	44,800.00
		Net Gain.....			\$ 29,954.63
		Class "B"			
		Sales.....	6,060	44.69	\$ 270,819.29
20		Book Value.....	6,060 @	20.00	121,200.00
					149,619.29
					<u>\$179,573.92</u>

Securities representing the Company's Investments in Stocks and Bonds at September 30, 1928 as enumerated on Exhibit "C" have been produced for our inspection or verified by certificates received by us from the depositories.

30 The book value of the Company's properties was reduced during the year by \$7,125.00 representing the net amount realised from the sale of a portion of the "Notre Dame de Grace property."

Demand and Other Loans and collateral thereto, as also interest earned thereon, are detailed on Exhibit "E." The collateral securities were examined or accounted for by certificates received from depositories.

40 At March 31, 1928 a further amount of \$184,500.00 was placed to the credit of the Reserve for Loans to the Dominion Reduction Company Limited by appropriation from Capital Surplus. The net book value of the Dominion Reduction Company Limited loan at September 30, 1928 amounts to \$300,000.00 which we understand is based on an estimate of the realizable value of the collateral security.

Profit and Loss Account has been credited with an amount of \$128,923.70 which represents the difference between the surrender values of \$56,076.30 at which certain Policies on the life of the late Sir Mortimer B. Davis were carried on the Company's books and their face value of \$185,000.00. Collection of the latter amount however, has not yet been effected.

The balance due to the Company from the Estate of Sir Mortimer B. Davis amounting to \$230,638.27 at September 30, 1928, and consisting chiefly of cash advances, has been verified by a certificate signed by two Executors of his Estate.

Sundry Accounts Receivable aggregating \$4,603.52 are as follows:—

	Royalty—Federal Coal Property:	
	C. S. Donaldson Co., August and September	\$ 823.13
10	O'Brien & Williams:	
	Balance on Trading Account	793.16
	M. B. Davis, Current Account	403.26
	Amounts receivable from Sub-tenants Canada Cement Building, in respect of Taxes, Light, Telephone and Messenger Service, etc.	2,583.97
		\$ 4,603.52
		\$ 4,603.52

20 The Cash in Bank and on Call at September 30, 1928 was verified by certificates received direct from the Company's bankers and from the Brokers concerned. Securities deposited with the Company as collateral for cash on Call were examined during the course of our audit and agreed with Brokers' certificates.

The following changes have taken place in the Capital Surplus account during the year under review:

	Balance September 30, 1927	\$2,219,241.35
	Add: Net Surplus arising from the revaluation of the Company's Investments in Stocks at March 31, 1928	345,491.26
		\$2,564,732.61
30	DEDUCT:	
	Amount transferred to the Reserve for Dominion Reduction Co. Limited:	
	Loans	184,500.00
	Balance, September 30, 1928	\$2,380,232.61
		\$2,380,232.61

Exhibits.
—
P-51.
Annual
Statement
of the In-
corporated
Company,
30th Sept-
ember 1928
—continued.

40 So far as we have been able to ascertain all known liabilities of the Company at September 30, 1928 have been taken up on the books as at that date; sundry Accounts Payable consists of the following items:

	Diamond Drill Contracting Co.:	
	Drilling Alberta Coal Properties	\$ 6,729.67
	H. Poillon, Salary September	416.67
	Wm. MacGregor, Salary, May to September	250.00
	A. Edwardson, Salary	137.50
	T. P. Cochrane, Expenses September	261.14

Exhibits. <hr/> P-51. Annual Statement of the In- corporated Company, 30th Sept- ember 1928 <i>—continued.</i>	Financial Federation	250.00
	Fairchild Aviation Co	267.00
	Corporation Tax, Province of Quebec	130.00
	Lady Eleanor Davis, Current Account	261.04
	Sundry Bills, Telephone and Telegraph, Light and Financial Bulletins	397.52
		<hr/> \$ 9,100.54 <hr/>

We shall be glad to furnish you with any further information that you may desire and on being advised that the accounts now submitted meet with your approval we will furnish you with Certified Accounts as required by the Dominion Companies Act.

Yours very truly,

PRICE, WATERHOUSE & Co.

Exhibits.
P-51.
Annual
Statement
of the In-
corporated
Company,
30th Sept-
ember 1928
—continued.

PLAINTIFFS' EXHIBIT P-51—EXHIBIT A
SIR MORTIMER DAVIS, INCORPORATED

BALANCE SHEET

SEPTEMBER 30, 1928

ASSETS

INVESTMENTS IN STOCKS AND BONDS (Exhibit C.):	
Capital Stock of the Canadian Industrial Alcohol Co. Limited:	
494,100 Shares Ordinary at \$20.00 per share.....	\$9,882,000.00
55,920 Shares Class 'B' at \$20.00 per share.....	1,118,400.00
	<u>\$11,000,400.00</u>
Robert McNish Co. Limited Debentures:	
494,426 Debentures at \$4.50.....	2,224,917.00
Other Stocks.....	1,354,361.60
	<u>\$14,579,768.60</u>
PROPERTIES (Exhibit D).....	177,708.71
LOANS AND INTEREST ACCRUED THEREON:	
(Exhibit E).....	418,969.93
	<u>\$15,176,357.24</u>
LIFE INSURANCE POLICIES (Exhibit F):	
(At Face Value).....	185,000.00
OFFICE FURNITURE (Depreciated Book Value).....	3,098.41
ACCOUNTS RECEIVABLE:	
Estate of Sir Mortimer B. Davis.....	\$230,368.27
Interest accrued on McNish Debentures.....	18,540.98
Sundry Accounts Receivable.....	4,603.52
	<u>253,512.77</u>
CASH IN BANK AND ON CALL:	
Canadian Bank of Commerce.....	\$172,055.85
Call Loans.....	880,000.00
	<u>1,052,055.85</u>
DEFERRED CHARGES:	
Insurance unexpired and Taxes prepaid.....	\$ 3,014.87
Office Fixtures and Fittings less proportion written off to date.....	15,919.41
Deferred Exploration Expenses.....	5,120.00
	<u>24,054.28</u>
	<u>\$16,694,076.55</u>

LIABILITIES

CAPITAL STOCK:	
Authorized—67,500 shares of \$100.00 each....	\$6,750,000.00
Issued — 50,000 shares of \$100.00 each.....	\$5,000,000.00
CAPITAL SURPLUS ARISING FROM REVALUATION OF CAPITAL ASSETS.....	2,380,232.61
	<u>\$7,380,232.61</u>
TWENTY YEAR SIX PER CENT SERIAL NOTES:	
Issued.....	\$5,000,000.00
Less: Redeemed.....	860,000.00
	<u>4,140,000.00</u>
AMOUNTS DUE TO SHAREHOLDERS in respect of purchase of Capital Stock and interest thereon (H. M. Marler and H. B. Maclean, in trust).....	205,501.03
TRUST DEPOSIT:	
Mr. and Mrs. S. Davis.....	25,000.00
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:	
Canadian Bank of Commerce (Secured Loans).....	\$3,270,122.99
Interest Accrued on 6% Serial Notes and Interest thereon—	
The Davis Trust.....	\$94,571.50
J. B. Waddell.....	6,300.00
H. M. Marler.....	900.00
	<u>101,771.50</u>
Sundry Accounts Payable.....	9,100.54
	<u>3,380,995.03</u>
SURPLUS ACCOUNT:	
Balance, September 30, 1927.....	\$799,146.54
Add: Profit for the year ending September 30, 1928, as per statement attached (Exhibit B.).....	763,203.34
	<u>1,562,349.88</u>
	<u>\$16,694,076.55</u>

CONTINGENT LIABILITY:

Guarantee to Canadian Bank of Commerce in respect of Advances to Federal Asbestos Company Limited, which at September 30, 1928, amounted to \$48,000.00 secured by deposit of Securities of Asbestos Corporation Limited of a market value of \$119,475.00.....

PLAINTIFFS' EXHIBIT P-51—EXHIBIT B

SIR MORTIMER DAVIS, INCORPORATED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING
SEPTEMBER 30, 1928

Exhibits.
P-51.
Annual
Statement
of the In-
corporated
Company,
30th Sept-
ember 1928
—continued.

Income from Investments:			
In Stocks.....	\$792,266.52		
In Bonds.....	129,786.83		
			\$ 922,053.35
Interest received and accrued:			
On Loans.....	\$ 8,447.91		
On Call Loans.....	46,278.29		
On Current Accounts.....	62,250.80		
			116,977.00
Income from Insurance Agency.....			25.13
Directors' Fees.....			1,974.98
Revenue from Federal Coals Property, less Supervision Expenses...			3,030.57
			<u>\$1,044,061.03</u>
Deduct: Taxes and Expenses on Properties owned by the Company in excess of Rentals.....			4,644.63
			<u>\$1,039,416.40</u>
Deduct: General and Administration Expenses—			
Salaries and Bonuses.....	\$ 42,338.04		
Office Rent and Taxes.....	5,548.98		
Province of Quebec Companies Tax.....	130.00		
General and Office Expenses.....	4,821.72		
Donations.....	11,940.00		
			<u>64,778.74</u>
			\$ 974,637.66
DEDUCT:			
Interest paid and accrued—			
On Bank Loans.....	\$ 131,287.08		
On other Loans.....	13,296.60		
On 6% Serial Notes.....	248,400.00		
On Instalments of Interest on 6% Serial Notes.....	63,728.94		
Depreciation of Office Furniture.....	344.27		
Amortization of Office Fixtures and Fittings....	1,166.25		
			<u>458,223.14</u>
			\$ 516,414.52
DEDUCT:			
Alberta Coal Properties Expense.....	\$ 7,733.60		
Alberta Oil Fields, Leases and Expenses.....	37,368.89		
Canadian Exploration Syndicate Expense.....	3,329.38		
Sudbury Mines Expense.....	13,276.93		
			<u>61,708.80</u>
			\$ 454,705.72
ADD:			
Profit on Investments.....	\$ 179,573.92		
Profit on Insurance Policies.....	128,923.70		
			<u>308,497.62</u>
			<u>\$ 763,203.34</u>

Exhibits.

—
P-51.

Annual
Statement
of the In-
corporated
Company,
30th Sept-
ember 1928
—*continued.*

PLAINTIFFS' EXHIBIT P-51—EXHIBIT C
SIR MORTIMER DAVIS, INCORPORATED

INVESTMENTS—SEPTEMBER 30, 1928

NAME OF COMPANY	Balance September 30, 1927			Purchased during year			Sold during year			Balance September 30, 1928			Income for the year ending Sept. 30, 1928
	No. of Shares	Par Value	Book Value	No. of Shares	Cost	No. of Shares	Sale Price	Profit on Sales	Revaluation Adjustments Capital Surplus	No. of Shares	Par Value	Book Value	
Stocks:													
Canadian Industrial Alcohol Co. Ltd.	494,703	No Par Value	\$ 8,657,302.50	7,375	\$ 279,471.82	7,978	\$ 325,578.95	\$ 29,954.63	\$ 1,240,850.00	494,100	No Par Value	\$ 9,882,000.00	\$ 723,278.44
Canadian Industrial Alcohol Co. Ltd. Class B		No Par Value		61,980	1,239,600.00	6,060	270,819.29	149,619.29		55,920	No Par Value	1,118,400.00	44,802.00
Asbestos Corporation Limited	5,000	No Par Value	106,071.88							5,000	No Par Value	106,071.88	
Anglo-Scottish Amalgamated Corp.	37,185	\$ 3,718,500.00	1,000,000.00	5,000	23,630.13					5,000	24,333.33	23,630.13	
Consolidated Asbestos Limited		5,000.00		150	18.00					37,185	3,718,500.00	609,000.00	
Crown Trust Company	50	5,000.00								200	20,000.00	23,000.00	1,096.72
Harbens Limited	5,000	24,333.33								5,000	24,333.33	24,333.33	5,213.36
Imperial Tobacco Co. of Canada Ltd.	5,000	25,000.00								5,000	25,000.00	31,187.20	2,000.00
Mason Valley Mines Company	5,228	26,140.00						2,614.00		5,228	26,140.00	5,228.00	
National Steel Car Corp. Limited	107	No Par Value	7,842.00							107	No Par Value	4,591.00	
Royal Bank of Canada	1,134	113,400.00	227,401.53							1,134	113,400.00	227,401.53	15,876.00
Union Cigar Company				10,000	50,146.90					10,000	50,000.00	50,146.90	
Union Tobacco Company				10,000	249,765.63					10,000	250,000.00	249,765.63	
Crescent Lorraine Silver Mining Co.	499,950	499,950.00								499,950	499,950.00		
Croesus Gold Mines Company	9,000	9,000.00								9,000	9,000.00		
Dominion Reduction Company Limited	635,302	635,302.00								635,302	635,302.00		
General Cigars Company Limited	852	85,200.00						85,199.00		852	85,200.00		
General Cigars Company Limited	6,422	642,200.00	394,980.00					394,979.00		6,422	642,200.00		
Trans-Canada Theatres Limited	4,000	100,000.00								4,000	100,000.00		
Trans-Canada Theatres Limited, Bonus	2,400	60,000.00								2,400	60,000.00		
Bonds:													
Robert McNish & Co. Limited			\$10,565,480.18		\$1,860,614.48		\$596,398.24	\$179,573.92	\$1,240,850.00			\$12,354,761.60	\$792,266.52
				494,426	2,224,917.00					494,426	2,472,130.00	2,224,917.00	129,786.83
			\$10,565,480.18		\$4,085,531.48		\$596,398.24	\$179,573.92	\$1,240,850.00			\$14,579,678.60	\$922,053.35

Securities included above deposited with the Canadian Bank of Commerce as Collateral:—

Montreal Loan	\$ 980,297.35	60,000 Ordinary Shares Canadian Industrial Alcohol Company Limited.
New York Loan	2,289,825.64	494,426 Debentures of Robert McNish & Company Limited, owned by the Company.
		12,679 Debentures of Robert McNish & Company Limited, held by the Company as Collateral and pledged with the Bank.

\$ 3,270,122.99

PLAINTIFFS' EXHIBIT P-51—EXHIBIT D

SIR MORTIMER DAVIS, INCORPORATED

PROPERTIES—SEPTEMBER 30, 1928

Exhibits.	Book Value Sept. 30, 1927	Deduction during Year	Book Value Sept. 30, 1928
<u>P-51.</u>			
Annual			
Statement			
of the In-			
corporated			
Company,			
30th Sept-			
ember 1928			
— <i>continued.</i>			
Notre Dame de Grace.....	\$19,045.35	\$7,125.00	\$ 11,920.35
North Shore Property.....	15,000.00	.....	15,000.00
Federal Coals Property.....	10,000.00	.....	10,000.00
St. James Street Property.....	115,744.96	.....	115,744.96
319 Peel Street Property.....	25,043.40	.....	25,043.40
	<u>\$184,833.71</u>	<u>\$7,125.00</u>	<u>\$177,708.71</u>

PLAINTIFFS' EXHIBIT P-51—EXHIBIT E
SIR MORTIMER DAVIS, INCORPORATED

STATEMENT OF LOANS—SEPTEMBER 30, 1928

Exhibits.
— P-51.
Annual
Statement
of the In-
corporated
Company,
30th Sept-
ember 1928
—continued.

	Amount of Loan	Interest Accrued	Total	Income for Year	REMARKS
DEMAND:					
Dominion Reduction Company Limited.....	\$ 826,000.00	\$ 404,976.45	\$ 1,230,976.45	\$ 57,820.00	Notes of the Dominion Reduction Company Limited for..... \$ 826,000.00 Shares of \$1.00 each of the Capital Stock of the Dominion Reduction Co. Limited. 177,582 Shares of \$5.00 each of the Capital Stock of the Mason Valley Mines Company. 10 Shares of \$100.00 each of the Capital Stock of D. M. Steindler Holding Company, Inc. No Note or Security; Authorized by Directors Minutes' of the Company, January 25, 1927.
Rt. Hon. Lord Shaughnessy.....	50,000.00	5,979.15	55,979.15	3,221.82	Loan \$12,000.00 May 28, 1928. Assignment dated May 28, 1928 of \$400.00 monthly, payable by the Estate of Sir Mortimer B. Davis to the Company, Assignment of Canada Life Assurance Policy.....
Maurice E. Davis.....	10,632.51		10,632.51	228.34	
OTHER LOANS:					
C. J. Jennison.....	10,000.00	205.49	10,205.49	205.49	Note due December 1, 1928, 500 shares No Par Value Capital Stock of Jennison & Company Ltd.....
P. Segal.....	6,500.00	42.02	6,542.02	56.63	Balance due on Sale of lot Notre Dame de Grace. Paid in full Oct. 11, 1928.
LOANS SECURED BY DEPOSIT OF R. McNISH & COMPANY LIMITED DEBENTURES.					
Lady Eleanor Davis.....	9,149.50			1,495.96	Loan paid off.
Mortimer B. Davis, Jr.....	1,350.00	578.10	9,727.60	1,990.57	2,611 Debentures Robt. McNish & Co. Ltd, Par Value.....
Melvin H. Davis.....	13,500.00	3.84	1,353.84	71.34	do do
Rt. Hon. Lord Shaughnessy.....	2,160.00	38.79	13,538.79	713.79	do do
Audley Curran.....		6.06	2,166.06	114.06	do do
LOANS SECURED BY DEPOSIT OF CANADIAN INDUSTRIAL ALCOHOL CO. LTD. 'B' STOCK:					
Rt. Hon. Lord Shaughnessy.....	7,475.79		7,475.79	301.28	375 Shares Canadian Industrial Alcohol Co. Ltd. 'B' Stock.
Melvin H. Davis.....	763.98		763.98	26.66	do do
Audley Curran.....	584.70		584.70	21.97	do do
	\$ 938,116.48	\$ 411,829.90	\$ 1,349,946.38	\$ 66,267.91	
	526,000.00	404,976.45	930,976.45	57,820.00	
	<u>\$412,116.48</u>	<u>\$ 6,853.45</u>	<u>\$418,969.93</u>	<u>\$ 8,447.91</u>	
DEDUCT: Reserve against Loan and Interest Dominion Reduction Co. Limited.....					

PLAINTIFFS' EXHIBIT P-51—EXHIBIT F

SIR MORTIMER DAVIS, INCORPORATED

PARTICULARS OF LIFE INSURANCE POLICIES, SEPTEMBER 30, 1928

Exhibits.
—
P-51.
Annual
Statement
of the In-
corporated
Company,
30th Sept-
ember 1928
—*continued.*

Policy Number		Amount of Insurance
412429	Travellers Insurance Company of Hartford.....	\$ 75,000.00
2252362	Equitable Life Assurance Society of the United States..	45,000.00
183673	Manhattan Life Insurance Company of New York.....	5,000.00
2430461	Mutual Life Insurance Company of New York.....	10,000.00
486064	Aetna Life Insurance Company of Hartford, Conn.....	50,000.00
		<u>\$ 185,000.00</u>

DEFENDANTS' EXHIBIT D-11—2

SIR MORTIMER DAVIS, INCORPORATED

RECEIPTS AND ACCRUED REVENUE—APRIL, 1929

CADILLAC COAL CO. LIMITED.....		\$450,000.00
NOTRE DAME DE GRACE PROPERTY.....	11,587.15	
LESS MORTGAGE.....	10,697.00	
		890.15
CASH AND CALL LOANS, reduced by.....		1,374.90
M. E. DAVIS.....		361.50
OFFICE FIXTURES ACCOUNT.....		4.00
REVENUE ACCOUNTS:		
Canadian Industrial Alcohol Co., Ltd.,		
Dividend on "Common" Stock.....	\$187,757.24	
do "B" do.....	21,249.60	
		209,006.84
Imperial Tobacco Co. Ltd. Dividend.....	450.00	
Crown Trust Co. do.....	350.00	
National Steel Car Corp. Ltd do.....	70.00	
Robt. McNish & Co. Limited,		
Dividend Accrued on Debentures.....	12,360.65	
3483 Peel St. Rent.....	150.00	
Interest.....	7,999.45	
		230,386.94
INTEREST ACCRUED:		
On Serial Notes.....	21,637.04	
On Am't due Shareholders re Trust Account.....	1,036.77	
		22,673.81
		<u>\$705,691.30</u>

DEFENDANTS' EXHIBIT D-11—3

SIR MORTIMER DAVIS, INCORPORATED

DISBURSEMENTS AND ACCRUED CHARGES—APRIL, 1929

ESTATE SIR MORTIMER B. DAVIS.....		\$ 33,087.02
CADILLAC COAL CO. LIMITED:		
90,000 shares at \$5.....		450,000.00
INVESTMENT FOUNDATION LIMITED:		
3,000 shares at \$15 (Common Stock).....		45,000.00
CADILLAC COAL CO. LIMITED, Loan Account.....		15,700.42
SUNDRY ACCOUNTS RECEIVABLE Increased by.....		2,214.31
SUNDRY LOANS AND INTEREST ACCRUED do.....		277.43
SECURED LOANS AND do do.....		189.69
J. B. WADDELL, balance interest on Serial Notes to Mar.		
31/29.....		1,989.92
H. M. MARLER, interest on Serial Notes to Mar. 31/29.....		900.00

Exhibits.
—
D.11.
Statement
re Sir
Mortimer
Davis In-
corporated,
30th April
1929—con-
tinued.

In addition to the above exhibits we have also prepared and append hereto various statements requested in Mr. Reaper's letter of September 4th, last, which are numbered Schedules 1 to 6.

In connection with the accounts now submitted we would make the following remarks.

The Company's investments in Stocks and Bonds are carried on the books at August 31, 1929, at a value of \$15,364,694.70 which compares with a book value of \$14,579,678.60 at September 30, 1928, 10 the increase of \$785,016.10 being made up as follows:

STOCKS PURCHASED:

	Canadian Industrial Alcohol Co. Ltd		
	2,200 Shares Common Stock at a cost of.....	\$	68,666.24
	160 " Class "B" Stock at a cost of.....		6,263.00
	Cadillac Coal Co. Limited		
	90,000 Shares Common Stock at \$5.00 per share.....		450,000.00
	Investment Fondation Limited		
	1,500 Units at a cost of \$65.00 per unit.....		97,500.00
	3,000 Shares Common at a cost of \$15.00 per share.....		45,000.00
20	Jennison & Co. Limited		
	500 Shares of Preferred Stock (with bonus of 500 shares of Com- mon).....		50,000.00
	National Steel Car Corporation		
	33 shares of Common Stock at a cost of.....		2,515.30
	Royal Bank of Canada		
	189 Shares at a cost of.....		37,800.00
	Imperial Tobacco Co. of Canada		
	1 Share of Common Stock.....	\$10.00	
	1 Share of Common Stock sold.....	9.20	
			<u>.80</u>
			\$757,745.34
30	OTHER INCREASES:		
	Cadillac Coal Co. Limited.		
	\$50,000.00 Twenty Year 7% First Mortgage Bonds included in consideration of Federal Coals Property sale to Cadillac Coal Company Limited.....		\$50,000.00
	Imperial Tobacco Co. of Canada Limited		
	1,000 Shares Common Stock received as Stock Dividend and valued at \$5.00 per share.....		5,000.00
			<u>\$ 812,745.34</u>
40	Deduct: Revaluation of Canadian Industrial Alcohol Co. Limited Stock purchased during eleven months to \$20.00 per share:		
	Common Stock:		
	2,200 Shares Revaluation Adjustment.....	\$	24,666.24
	Class "B" Stock:		
	160 Shares Revaluation Adjustment.....		3,063.00
			<u>27,729.24</u>
			<u><u>\$785,016.10</u></u>

Exhibits.
—
P-9.
Auditors'
Report and
Statement
of Incor-
porated
Company,
31st August
1929—con-
tinued.

Securities representing the Company's Investments in Stocks and Bonds at August 31, 1929 as described in Exhibit "C" have been produced for our inspection or verified by certificate received by us from the depositaries, with the exception of \$50,000.00 Cadillac Coal Company Limited, 7% First Mortgage Bonds, delivery of which have not yet been made.

The book value of the Company's properties was reduced during the year by an amount of \$21,587.15 made up as follows:

10	Sale of portion of Notre Dame de Grace property.....	\$11,587.15
	Sale of Federal Coals Property.....	10,000.00
		<u>\$21,587.15</u>

Demand and other loans and collateral thereto, as also interest earned thereon, are detailed on Exhibit "E." The collateral securities were examined by us or accounted for by certificates received from the depositaries. The two new loans were made to Directors of the Company during the period under review, neither of which appear to have been authorized by the Directors of the Company. These loans are as follows:

Lady Eleanor Davis.....	\$39,536.87
Rt. Hon. Lord Shaughnessy.....	10,000.00

Loans and advances to the Cadillac Coal Company Limited amounting to \$110,474.67 at August 31, 1929, have not yet been secured by deposit of Twenty Year Seven Per Cent First Mortgage Gold Bonds of that Company, as called for in the agreement dated February 24, 1929.

Life Insurance policies now stand on the books at \$130,000.00 as compared with \$185,000.00 at September 30, 1928. The difference of \$55,000.00 having been received as follows:

Manhattan Life Insurance Co. of New York.....	\$ 5,000.00
Aetna Life Insurance Co. of Hartford, Conn.....	50,000.00
	<u>\$55,000.00</u>

The latter Company has also paid an amount of \$2,400.00 representing interest accrued from date of death, which has been credited to Income.

The balance due to the Company from the Estate of Sir Mortimer B. Davis amounting to \$937,605.17 at August 31, 1929 and consisting chiefly of cash advances has been verified with your Company's account in the Estate's books.

Sundry Accounts Receivable aggregating \$4,959.55 are made up as follows.

Mortimer B. Davis, Jr., Current Account	\$ 403.26
Redpath & Co. Interest on Call Loan	441.64
Lord Shaughnessy, Directors' Fees	333.34
City of Montreal, Expropriation N.D.G.	132.65
A. J. Blackburn & Co. Deposit	978.30
	<hr/>
	\$ 2,289.19
Amount Receivable from sub-tenants Canada Cement Building in respect of Taxes, Light, Telephone, Messenger Service, etc	2,562.24
Sundry Accounts, Bank Interest Accrued, etc	108.12
	<hr/>
	<u>\$4,959.55</u>

Call Loans were verified by certificates received direct from the brokers concerned and securities deposited as collateral thereon were examined during the course of our audit and agreed with brokers' certificates.

We would suggest that the Income Surplus at the date of death of the late Sir Mortimer B. Davis be carried in a separate account. Any distribution thereof would be treated by the Executors of the Estate as "Capital" and any distribution of Surplus after March 22, 1928 as "Revenue." The accounts of the Company were closed as at March 31, 1928 and on the appended accounts we have treated the Surplus Income at that date as a Capital Surplus.

The following changes have been made during the period in the Surplus arising from revaluation of Investments:

Exhibits. <hr/> P-9. Auditors' Report and Statement of Incorporated Company, 31st August 1929—con- tinued.	OI	Balance September 30, 1928	\$2,380,232.61
		Add: Profit on sale of Federal Coals Property to Cadillac Coal Co. Limited	490,000.00
			<hr/>
			\$2,870,232.61
		Deduct: Revaluation of Canadian Industrial Alcohol Stock—	
		Common Stock	\$24,666.24
		Class B Stock	3,063.00
			<hr/>
			27,729.24
			<hr/>
	<u>\$2,842,503.37</u>		

Exhibits.
—
P-9.
Auditors'
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tinued.*

By-law No. 1 covering the issue of the Twenty Year Six Per Cent. Serial Notes provides that at least \$100,000.00 aggregate par value of the notes shall be redeemed and paid by the Company on October 1st of each year, the first payment to be of October 1, 1920. The Serial Notes redeemed to August 31, 1929 of \$860,000.00 would appear to be short-redeemed to an amount of \$40,000.00 as provided for under the terms of issue.

10 So far as we have been able to ascertain all known liabilities of the Company at August 31, 1929 have been taken up on the books at that date.

We shall be glad to furnish you with any further information that you may desire.

Yours very truly,

PRICE, WATERHOUSE & CO.

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Exhibits.
P-9.
Auditors' Report and Statement of Incorporated Company, 31st August 1929—continued.

PLAINTIFFS' EXHIBIT P-9—EXHIBIT A
SIR MORTIMER DAVIS, INCORPORATED

BALANCE SHEET	
ASSETS	AUGUST 31, 1929
INVESTMENTS IN STOCKS AND BONDS (EXHIBIT C):	
Capital Stock of the Canadian Industrial Alcohol Co. Limited— 496,300 Shares Ordinary Stock at \$20.00 per share \$9,926,000.00. 56,080 Shares Class "B" Stock at \$20.00 per share 1,121,600.00	\$ 11,047,600.00
Robert McNish & Co. Limited Debentures 494,426 Debentures at \$4.50	2,224,917.00
Other Stocks and Bonds	2,092,177.70
PROPERTIES (Exhibit D)	\$15,364,694.70 156,121.56
LOANS AND INTEREST ACCRUED THEREON (Exhibit E)	561,579.08
LIFE INSURANCE POLICIES (Exhibit F). (At face value)	\$16,082,365.34 130,000.00
OFFICE FURNITURE (Depreciated Book Value)	2,848.83
ACCOUNTS RECEIVABLE:	
Estate Sir Mortimer Davis	\$960,105.17
Deduct: Interest accrued on 6% Serial Notes held April 1— August 31, 1929	22,500.00
Interest accrued on McNish Debentures	43,262.28
Sundry Accounts Receivable	4,959.55
CALL LOANS (secured by marketable securities)	985,827.00 880,000.00
DEFERRED CHARGES:	
Office Fixtures and Fittings less proportion written off to date	\$ 14,806.35
Deferred Exploration Expenses	5,217.80
Prepaid Taxes and Insurance	541.32
	20,565.47
	\$ 18,101,636.64
LIABILITIES	
CAPITAL STOCK:	
Authorized—67,500 Shares of \$100.00 each	\$ 6,750,000.00
Issued—50,000 Shares of \$100.00 each	\$ 5,000,000.00
CAPITAL SURPLUS:	
Arising from revaluation of Capital Assets	\$ 2,842,503.37
Surplus Income to March 31, 1928	1,312,308.93
	4,154,812.30
	\$ 9,154,812.30
TWENTY YEAR SIX PER CENT SERIAL NOTES:	
Issued	\$ 5,000,000.00
Less: Redeemed to date	860,000.00
	4,140,000.00
AMOUNT DUE TO SHAREHOLDERS in respect of purchase of Capital Stock and Interest thereon, payable September 17, 1929: (H. M. Marler and H. B. McLean, in Trust)	212,516.86
TRUST DEPOSIT:	25,000.00
Mr. and Mrs. S. Davis	80,844.93
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:	3,231,373.85
Bank Overdraft	\$ 80,844.93
Canadian Bank of Commerce (Secured Loans)	3,231,373.85
Interest Accrued on 6% Serial Notes and Interest thereon:	273,093.86
The Davis Trust	\$267,093.86
J. B. Waddell	5,250.00
H. M. Marler	750.00
Sundry Accounts Payable	1,801.26
	3,587,113.90
SURPLUS INCOME:	
Balance from March 31, 1928 to Sept. 30, 1928	\$ 250,040.95
Add: Profit for the eleven months ending August 31, 1929 as per statement attached (Exhibit D)	732,152.63
	982,193.58
	\$18,101,636.64
CONTINGENT LIABILITY:	
Guarantee to Canadian Bank of Commerce in respect of Advance to Federal Asbestos Co. Limited, which at August 31, 1929 amounted to \$46,000.00 secured by deposit of securities of Asbestos Corporation Limited of a market value of \$49,675.00	.....

PLAINTIFFS' EXHIBIT P-9—EXHIBIT B

SIR MORTIMER DAVIS INCORPORATED

STATEMENT OF PROFIT AND LOSS FOR THE ELEVEN MONTHS
ENDING AUGUST 31, 1929

Exhibits.
—
P-9.
Auditors'
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tinued.

Income from Investments—		
In Stocks.....	\$996,294.99	
In Bonds.....	135,967.15	
Stock Dividend.....	5,000.00	
		\$1,137,262.14
Interest received and accrued—		
On Loans.....	\$ 9,901.20	
On Call Loans.....	47,847.85	
On Current Accounts.....	40,208.44	
		97,957.49
Income from Insurance Agency.....		34.14
Directors Fees.....		1,103.34
		\$1,236,357.11
Deduct: Taxes and Expenses on Properties owned by the Company in excess of Rentals.....		2,925.16
		\$1,233,431.95
Deduct: General and Administration Expenses—		
Salaries and Bonuses.....	\$46,923.65	
Office Rent and Taxes.....	4,987.76	
Province of Quebec Companies Tax.....	119.16	
General and Office Expenses.....	3,736.85	
Donations.....	9,210.00	
Depreciation of Office Furniture.....	287.50	
Amortization of Office Furniture and Fittings.....	1,069.06	
		66,333.98
		\$1,167,097.97
Deduct:		
Interest Paid and Accrued—		
On Bank Loans.....	\$168,908.68	
On Other Loans.....	12,726.43	
On 6% Serial Notes.....	227,700.00	
On Instalments of Interest on 6% Serial Notes.....	7,522.36	
		416,857.47
		\$ 750,240.50
Deduct:		
Alberta Coal Properties Expenses.....	\$ 5,332.32	
Alberta Oil Fields Leases and Expenses.....	8,925.57	
Canadian Exploration Syndicate Expense.....	3,618.26	
Sudbury Mines Expense.....	211.72	
		18,087.87
		\$ 732,152.63

Exhibits.

P-9.
Auditors'
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tinued.*

PLAINTIFFS' EXHIBIT P-9—EXHIBIT D

SIR MORTIMER DAVIS, INCORPORATED

PROPERTIES—AUGUST 31, 1929

Exhibits.

 P-9.
 Auditors'
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 porated
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 tinued.*

	Book Value Sept. 30, 1928	Deductions during period	Book Value Aug. 31, 1929
Notre Dame de Grace.....	\$11,920.35	\$11,587.15	\$ 333.20
North Shore Property.....	15,000.00	.....	15,000.00
Federal Coals Property.....	10,000.00	10,000.00,	.....
St. James Street Property.....	115,744.96	.....	115,744.96
319 Peel Street Property.....	25,043.40	.....	25,043.40
	<u>\$177,708.71</u>	<u>\$21,587.15</u>	<u>\$156,121.56</u>

*Balance represents two lots said to have a value of approximately \$15,000.00.

Exhibits.
P-9.
Auditors',
Report and
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Company,
31st August
1929—con-
tinued.

PLAINTIFFS' EXHIBIT P-9—EXHIBIT E
SIR MORTIMER DAVIS, INCORPORATED

STATEMENT OF LOANS—AUGUST 31, 1929

	Amount of Loan	Interest Accrued	Total	Income for 11 months	REMARKS
DEMAND:					
Dominion Reduction Company Limited;					
In Liquidation.....	\$826,000.00	\$457,978.12	\$1,283,978.12	\$ 53,001.67	Dominion Reduction Co. Ltd. Notes for \$826,000.00
Less: Reserve thereon.....	526,000.00	457,978.12	983,978.12	53,001.67	610,400 Shares Dominion Reduction Capital Stock of \$1.00 each par value.
	300,000.00	\$	300,000.00	\$	177,582 Shares Mason Valley Mines Co. Capital Stock of \$5.00 par value
Rt. Hon. Lord Shaughnessy.....	50,000.00	1,902.56	59,102.56	3,123.41	10 Shares of \$100.00 each being Capital Stock of D. M. Steindler Holding Co.
Rt. Hon Lord Shaughnessy.....	10,000.00	394.19	10,394.19	394.19	No Note or Security. Authorized by Directors. Minutes January 25, 1927.
Maurice E. Davis.....	6,794.54	.....	6,794.54	465.73	Loan \$12,000.00 May 22, 1928. Assignment May 28, 1928 of \$400.00 monthly payable by the Estate of Sir Mortimer B. Davis to the Company.
Lady Eleanor Davis.....	39,536.87	.....	39,536.87	2,132.71	Assignment of Canada Life Insurance Policy of \$15,000.00
LOANS SECURED BY DEPOSIT OF R. McNISH & COMPANY LIMITED DEBENTURES:					
Audley Curran.....	2,160.00	17.10	2,177.10	119.04	480 Debentures R. McNish & Co. L'd. \$ 2,400.00
Melvin H. Davis.....	1,350.00	10.76	1,360.76	74.42	300 " " " " " " " " " " " "
Rt. Hon. Lord Shaughnessy.....	13,500.00	107.81	13,607.81	744.02	3,000 " " " " " " " " " " " "
Mortimer B. Davis, Jr.....	9,149.50	522.08	9,671.58	531.44	2,611 " " " " " " " " " " " "
LOANS SECURED BY DEPOSIT OF CANADIAN INDUSTRIAL ALCOHOL "B" STOCK:					
Audley Curran.....	508.14	.....	508.14	29.64	60 shares Can. Industrial Alcohol "B" Stock.
Melvin H. Davis.....	737.71	.....	737.71	40.99	38 " " " " " " " " " " " "
Rt. Hon. Lord Shaughnessy.....	7,213.15	.....	7,213.15	401.11	375 " " " " " " " " " " " "
LOANS AND ADVANCES TO					
Cadillac Coal Co. Ltd.....	108,904.07	1,570.60	110,474.67	1,570.60	Agreement of February 24, 1929 provides that: 7%—20 Year Bonds of Cadillac Coal Co. are to be issued to cover loans and advances, or alternatively that Bonds may be taken in payment of the loan.
INCOME FROM LOANS PAID OFF DURING THE YEAR:					
P. Segal.....	.....	.....	.....	99.67	
C. J. Jennison.....	.....	.....	.....	174.23	
	\$ 549,835.98	\$ 11,725.10	\$ 561,579.08	\$ 9,901.20	

PLAINTIFFS' EXHIBIT P-9—EXHIBIT F
SIR MORTIMER DAVIS, INCORPORATED
PARTICULARS OF LIFE INSURANCE POLICIES

Exhibits.

P-9.
Auditors'
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AUGUST 31, 1929

Policy Number		Amount
412429	Travellers Insurance Company.....	\$ 75,000.00
2252362	Equitable Life Assurance Society of the United States....	45,000.00
2430461	Mutual Life Insurance Company of New York.....	10,000.00
		<u>\$130,000.00</u>

Note—Payment of these policies is held up pending settlement of Quebec Succession Duties.

Exhibits.

P.9.
Auditors'
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1929—*con-
tinued.*

PLAINTIFFS' EXHIBIT P-9—SCHEDULE I
SIR MORTIMER DAVIS, INCORPORATED

COMPARATIVE STATEMENT OF ASSETS AND GROSS REVENUE THEREFROM FOR THE ELEVEN MONTHS
ENDING AUGUST 31, 1929

	Balance Sept. 30, 1928	Increase	Decrease	Balance August 31, 1929	Gross Revenue
Investments in Stocks and Bonds (Exhibit C).....	\$14,579,678.60	\$ 785,016.10	\$	\$15,364,694.70	\$1,137,262.14
Properties (Exhibit D).....	177,708.71	.....	21,587.15	156,121.56	1,345.12
Loans and Interest accrued thereon (Schedule 1A).....	418,969.93	163,616.12	21,006.97	561,579.08	9,901.20
Life Insurance Policies (Exhibit F).....	185,000.00	.....	55,000.00	130,000.00	2,400.00
Office Furniture (Depreciated Book Value). Accounts Receivable—	3,098.41	37.92	287.50	2,846.83	.....
Estate of Sir Mortimer B. Davis.....	230,368.27	707,236.90	.....	937,605.17	37,684.26
Interest Accrued on McNish Debentures..	18,540.98	24,721.30	.....	43,262.28	.....
Sundry Accounts Receivable.....	4,603.52	356.03	.....	4,959.55	22.78
Cash in Bank.....	172,055.85	.....	252,900.78	80,844.93	631.10
Call Loans.....	880,000.00	.....	.....	880,000.00	47,847.85
Insurance Unexpired and Taxes Prepaid.. Office Fixtures and Fittings less proportion written off.....	3,014.87	.....	2,473.55	541.32	.....
Deferred Exploration Expense.....	15,919.41	.....	1,113.06	14,806.35	.....
	5,120.00	97.80	.....	5,217.80	.....
	<u>\$16,694,078.55</u>	<u>\$1,681,082.17</u>	<u>\$354,969.01</u>	<u>\$18,020,791.71</u>	<u>\$1,237,094.45</u>

Exhibits.
P.9.
Auditors' Report and Statement of Incorporated Company, 31st August 1929—*continued.*

**PLAINTIFFS' EXHIBIT P-9—SCHEDULE IA
SIR MORTIMER DAVIS, INCORPORATED**

**COMPARATIVE STATEMENT OF LOANS, INTEREST ACCRUED THEREON AND INCOME FOR ELEVEN MONTHS ENDING
AUGUST 31, 1929**

	Loan		Increase	Decrease	Loan		Interest accrued		Income eleven months to Aug. 31, 1929
	Sept. 30, 1928	1929			Sept. 30, 1928	Aug. 31, 1929	Aug. 31, 1929	Aug. 31, 1929	
DEMAND:									
Dominion Reduction Co. Limited in Liq...	\$826,000.00	\$			\$826,000.00	\$404,976.45	\$457,978.12	\$53,001.67	
Less: Reserve thereon.....	526,000.00				526,000.00	404,976.45	457,978.12	53,001.67	
	\$300,000.0				300,000.00				
Ry. Hon. Lord Shaughnessy.....	50,000.00	10,000.00			50,000.00	5,979.15	9,102.56	3,123.41	
Ry. Hon. Lord Shaughnessy.....	10,632.51				10,000.00		394.19	394.19	
Maurice E. Davis.....			3,837.97		6,794.54			465.73	
Lady Eleanor Davis.....		39,536.87			39,536.87			2,132.71	
LOANS SECURED BY DEPOSIT OF R. McNISH & Co. LIMITED DEBENTURES:									
Mortimer B. Davis, Jr.....	9,149.50				9,149.50	578.10	522.08	531.44	
Melvin H. Davis.....	1,350.00				1,350.00	3.84	10.76	74.42	
Rt. Hon. Lord Shaughnessy.....	13,500.00				13,500.00	38.79	107.81	744.02	
Audley Curran.....	2,160.00				2,160.00	6.06	17.10	119.04	
LOANS SECURED BY DEPOSIT OF CANADIAN INDUSTRIAL ALCOHOL "B" STOCK:									
Rt. Hon. Lord Shaughnessy.....	7,475.79			262.64	7,213.15			401.11	
Melvin H. Davis.....	763.98			26.27	737.71			40.99	
Audley Curran.....	584.70			76.56	508.14			29.64	
LOANS AND ADVANCES TO CADILLAC COAL COMPANY LIMITED:		108,904.07			108,904.07		1,570.60	1,570.60	
OTHER LOANS:									
C. J. JENNISON.....	10,000.00			10,000.00		205.49		99.67	
P. Segal.....	6,500.00			6,500.00		42.02		174.23	
	\$412,116.48	\$158,440.94	\$20,703.44	\$549,853.98	\$6,853.45	\$11,725.10	\$9,901.20		

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 2

SIR MORTIMER DAVIS, INCORPORATED

LIST OF SHAREHOLDERS—AUGUST 31, 1929

Exhibits.
P-9.
Auditors'
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1929—con-
tinued.

NAME	No. of Shares	Par Value
Estate Sir Mortimer B. Davis.....	45,070	\$4,507,000.00
Herbert M. Marler.....	1	100.00
Herbert Bell McLean.....	1	100.00
John B. Waddell.....	2,525	252,500.00
H. M. Marler and H. B. McLean, in Trust.....	2,400	240,000.00
Lord Shaughnessy.....	1	100.00
A. M. Reaper.....	1	100.00
Lady Eleanor Davis.....	1	100.00
	<u>50,000</u>	<u>\$5,000,000.00</u>

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 3

SIR MORTIMER DAVIS, INCORPORATED

LIST OF HOLDERS OF THE TWENTY YEAR SIX PER CENT SERIAL
NOTES—AUGUST 31, 1929

The Davis Trust.....	\$3,000,000.00
John Bell Waddell.....	210,000.00
Herbert M. Marler.....	30,000.00
H. M. Marler and H. B. McLean.....	196,500.00
Estate Sir Mortimer B. Davis.....	703,500.00
	<u>\$4,140,000.00</u>

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 4

SIR MORTIMER DAVIS INCORPORATED

CAPITAL SURPLUS—AUGUST 31, 1929

Surplus arising from Revaluation of Canadian Industrial Alcohol Company Limited Stock—	
Sept. 1923 increasing value to \$19.00 per share.....	\$1,994,247.03
Sept. 1924 " " " 35.00 " ".....	4,042,416.00
Sept. 1927 Stock Dividend 90,807 $\frac{1}{2}$ shares Class B Stock at \$12.50.....	1,135,097.50
Sept. 1928 Increasing value from \$17.50 to \$20.00 per share.....	1,240,850.00
	<u>\$8,412,610.53</u>
Deduct:	
Employees Distribution 1920.....	\$72,900.00
Adjustment Stock purchased Oct. 1, 1928 to Aug. 31, 1929 to \$20.00 per share.....	27,729.24
	<u>100,629.24</u>
	<u>\$8,311,981.29</u>

Other Credits:			
Sept. 30, 1919	Surplus of Assets acquired over Purchase Consideration.....	\$	907.64
Jan. 1920	S. Davis Loan transferred to Company under agreement.....		222,984.09
Feb. 1920	Corby Distillery Valuation.....		798,088.00
Sept. 1924	“ “ Bonds.....		400.00
Aug. 1929	Profit on Sale of Federal Coals Property.....		490,000.00
			<u>1,512,379.73</u>
			<u>\$9,824,361.02</u>
Deduct: Investments written down:			
	Dominion Reduction Co. Limited.....	\$1,270,603.00	
	Croesus Gold Mines Limited.....	8,999.00	
	Trans-Canada Theatres Limited.....	89,999.00	
	Consolidated Asbestos Co. Limited.....	1,173,959.92	
	Union Bank of Canada.....	36,767.09	
	Jacobs Asbestos Co. Bonds.....	5,500.00	
	Crescent Lorraine Silver Mining Co.....	21,566.74	
	General Cigars Co. Ltd. Preferred.....	85,199.00	
	General Cigars Co. Ltd. Common.....	394,979.00	
	Mason Valley Mines.....	2,614.00	
		<u>\$3,090,186.75</u>	
Other Debits:			
	Federal Coal Loan.....	9,000.00	
	Insurance Policies reduced to Cash Surrender Value.....	95,986.50	
	Bluestone Mining and Smelting Co. Loan.....	526,000.00	
	Newfoundland Oil Lands.....	10,684.40	
		<u>3,731,857.65</u>	
			<u>\$6,092,503.37</u>
			<u>3,250,000.00</u>
	Deduct: Distribution to Shareholders Sept. 1924.....		
			<u>\$2,842,503.37</u>

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 4 No. 2

SIR MORTIMER DAVIS INCORPORATED

STATEMENT OF OTHER LIABILITIES, AUGUST 31, 1929

AMOUNT DUE TO SHAREHOLDERS IN RESPECT OF PURCHASE OF CAPITAL STOCK AND INTEREST THEREOF PAYABLE SEPTEMBER 17, 1929 (H. M. MARLER AND H. B. McLEAN, IN TRUST).			
	Original Amount of Principal as per agreement of September 17, 1924.....	\$162,500.00	
	Interest to August 31, 1929.....	54,266.86	
		<u>\$216,766.86</u>	
Deduct:			
	Purchase of 25 shares Capital Stock Sir Mortimer Davis Inc., Dec. 4, 1928 at \$170.00 per share.....	\$4,250.00	
		<u>\$</u>	<u>212,516.86</u>
TRUST DEPOSIT MR. AND MRS. S. DAVIS.....		\$	25,000.00
Agreement that sale of Peel Street Property be retained by Sir Mortimer Davis Inc. Interest at 6% per annum payable to Violet Rockford Davis, wife of Sam Davis. Principal payable to June Violet Davis at age of 21 or failing this to Beatrice Davis.			

Exhibits.
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P-9.
Auditors' Report and Statement of Incorporated Company, 31st August 1929—continued.

Exhibits.
P-9.
Auditors'
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tinued.

BANK LOANS AND OVERDRAFTS—			
Canadian Bank of Commerce Overdraft August 31, 1929	80,844.93		
Canadian Bank of Commerce Demand Loan, Montreal, secured by deposit of 60,000 shares Canadian Industrial Alcohol Stock	980,297.35		
Canadian Bank of Commerce Demand Loan, New York, secured by deposit of 500,817 Debentures of Robt. McNish & Co. Limited	2,251,076.50		
			<u>3,312,218.78</u>
INTEREST ACCRUED ON 6% SERIAL NOTES AND INTEREST THEREON:			
Interest Accrued on Principal:			
The Davis Trust March 23, 1928—Aug. 31, 1929	\$259,438.36		
J. B. Waddell April 1, 1929—Aug. 31, 1929	5,250.00		
H. M. Marler April 1, 1929—Aug. 31, 1929	750.00		
			<u>\$265,438.36</u>
Interest Accrued on Interest:			
The Davis Trust March 23, 1928—Aug. 31, 1929	7,655.50		
			<u>273,093.86</u>

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 4—No. 3

SIR MORTIMER DAVIS, INCORPORATED

STATEMENT OF OTHER LIABILITIES, AUGUST 31, 1929

Accounts Payable and Accrued Liabilities:			
Poillon & Poirier, Salary August	\$ 416.67		
Expense August	58.60		
			<u>\$ 475.27</u>
Taxes Accrued:			
Peel Street Property, May 1—August 31, 1929	\$ 233.52		
St. James Street Property, May 1—August 31, 1929	846.18		
Notre Dame De Grace Property May, 1—August 31, 1929	97.68		
			<u>1,117.38</u>
Financial Service, August Subscriptions			25.00
Financial Counsel, August Subscription			20.00
Office Specialty Co., August Invoice	44.10		
C.P.R. Telegraph, August Account			5.60
Harrison & Co., July Invoice			47.50
Montreal Light Heat & Power, August Account			6.41
			<u>\$1,801.26</u>

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 5

SIR MORTIMER DAVIS, INCORPORATED

	Sept. 30, 1928	Aug. 31, 1929
Guarantee to Canadian Bank of Commerce in respect of advances to Federal Asbestos Company Limited	\$48,000.00	\$46,000.00
Secured by deposit of Securities of Asbestos Corporation Limited of a market value of	\$119,475.00	\$49,675.00

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 6

SIR MORTIMER DAVIS, INCORPORATED

DIRECTORS' FEES—FROM WHAT COMPANIES RECEIVED

	Year ending Sept. 30, 1928	Eleven months ending Aug. 31, 1929
Canadian Industrial Alcohol Company Limited. . .	\$ 499.98	\$ 458.34
Asbestos Corporation of Canada Limited.	1,475.00	645.00
	<u>\$ 1,974.98</u>	<u>\$ 1,103.34</u>

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 6A

SIR MORTIMER DAVIS, INCORPORATED

PARTICULARS AS TO THE GROSS REVENUE FROM FEDERAL COALS
PROPERTY AND THE DIFFERENT ITEMS OF SUPERVISION EXPENSE

	Year ending September 30, 1928		Eleven months ending August 31, 1929	
	Gross		Gross	
	Revenue	Expenses	Revenue	Expenses
Exhibits.	Royalty	\$4,514.52	\$304.12	.....
	Insurance	\$ 351.35	.....	14.64
	Telegrams, Postage, etc.	6.50	.....	.....
	Allowance re River Flood Loss.	500.00	.....	.....
	Registration Fee.	25.00	.....	.....
	Salary—Wm. McGregor	600.00	.....	.....
	Legal Expense.	1.10	.....	.....
		<u>\$4,514.52</u>	<u>\$304.12</u>	<u>\$14.64</u>
	Net revenue.	<u>\$3,030.57</u>	<u>\$289.48</u>	

P-9.
Auditors'
Report and
Statement
of Incorporated
Company,
31st August
1929—con-
tinued.

Exhibits.
P-9.
Auditors' Report and Statement of Incorporated Company, 31st August 1929—*continued.*

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 6B
SIR MORTIMER DAVIS, INCORPORATED

PARTICULARS OF THE ADMINISTRATION OF EACH OF THE PROPERTIES OF THE CORPORATION, GIVING THE GROSS REVENUE AND THE ITEMS OF EXPENSE

	Year ending September 30, 1928		Eleven months ending Aug. 31, 1929			
	Gross Revenue	Expenses	Net Income or Expenditure	Gross Revenue	Expenses	Net Income or Expenditure
3483 PEEL STREET:						
Rentals.....	5 mos. at \$150.00			7 mos. at 150.00		
Crown Trust Company—Renting Commission.....	750.00			\$1,050.00		
Repairs.....		\$45.00			149.33	
Taxes.....		624.02			642.20	
Insurance.....		686.95			34.68	
Legal Expense.....		39.00			40.00	
		\$750.00	\$1,394.97	\$1,050.00	\$1,866.21	\$183.79
NOTRE DAME DE GRACE:						
Taxes.....		290.53			199.41	
Registration Certificate of lots sold.....					12.55	
Value of Property Expropriated.....				132.65		
Expropriation Taxes.....					123.49	
		\$.....	290.53	290.53	335.45	202.80
ST. JAMES STREET:						
Rentals—M. Desallies.....	40.00					
Insurance—Fire and Plate Glass.....		646.04			114.03	
Taxes.....		2,769.38			2,769.52	
Legal Expense re Demolishing Building.....					20.00	
	\$ 40.00	3,415.42	3,375.42	\$.....	2,903.55	2,903.55
NORTH SHORE:						
Taxes.....		333.71	333.71		292.08	292.08
TOTAL.....	\$ 790.00	\$5,434.63	\$4,644.63	\$1,182.65	\$4,397.29	\$3,214.64

Exhibits.
 P-9.
 Auditors' Report and Statement of Incorporated Company, 31st August 1929—continued.

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 6C
SIR MORTIMER DAVIS, INCORPORATED

LIST OF THOSE TO WHOM SALARIES AND BONUSES HAVE BEEN PAID AND THE AMOUNT PAID TO EACH, SHOWING ALSO THE CURRENT RATE OF ANNUAL SALARY AND THAT OF THE PREVIOUS YEAR

	Paid during the year ending September 30, 1928		Paid during eleven months ending August 31, 1929		Annual Rates in force eleven Months ending Aug. 31, 1929		Current Annual Rate
	Salary	Bonus	Total	Salary	Bonus	Total	
Lord Shaughnessy.....	\$20,000.00	\$5,000.00	\$25,000.00	\$21,066.69	\$5,000.00	\$26,066.69	\$20,000.00 (for first 3 mths.) annual bonus to be paid)
A. M. Reaper.....	7,500.00	.....	7,500.00	8,541.69	.....	8,541.69	7,500.00 (for last 8 mths.)
F. P. Cochran.....	2,083.30	.....	2,083.30	4,583.31	.....	4,583.31	5,000.00 (for first 3 mths.)
Pailon & Poirier.....	5,000.04	.....	5,000.04	4,583.31	.....	4,583.31	5,000.00
D. Yule.....	1,500.00	150.00	1,650.00	1,375.00	150.00	1,525.00	1,500.00
H. M. Walmsley.....	1,620.00	162.00	1,782.00	1,485.00	162.00	1,647.00	1,620.00
J. Forant.....	1,140.00	114.00	1,254.00	1,045.00	114.00	1,159.00	1,140.00
Relief Operators.....	50.00	.....	50.00	.....	99.00	.....	.....
	\$38,893.34	\$5,426.00	\$44,319.34	\$43,379.00	\$5,426.00	\$48,805.00	
Deduct: Proportion of Telephone Operators' and Messengers' salaries charged to Tenants.....	1,805.50	175.80	1,981.30	1,705.55	175.80	1,881.35	
	\$37,087.84	\$5,250.20	\$42,338.04	\$41,673.45	\$5,250.20	\$46,923.65	

Exhibits.

P-9.
Auditors'
Report and
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of Incorporated
Company,
31st August
1929—*con-
tinued.*

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 6D
SIR MORTIMER DAVIS, INCOTPORATED

STATEMENT OF OFFICE RENT AND TAXES—GENERAL AND OFFICE EXPENSES AND DONATIONS

	Year ending September 30, 1928		Eleven months ending August 31, 1929	
	Office Rent and Taxes	General & Office Expenses	Office Rent and Taxes	General & Office Expenses
Canada Cement Building—Rent.....	\$28,339.92		\$25,978.26	
City of Montreal—Business and Water Taxes..	2,840.79		2,772.06	
Telephone and Telegraph.....		\$1,214.34		\$ 478.07
Postage.....		90.40		80.00
Light.....				100.77
Pailton and Poirier Expenses.....				473.54
Financial Papers and Service.....		540.00		513.00
Expense re Insurance Claims.....		29.07		172.48
Miscellaneous items including Printing, Station- ery, Travelling Expenses, Audit and Legal Fees, etc.....		2,575.57		1,918.99
Financial Federation.....				\$ 750.00
Federation of Jewish Charities.....				7,500.00
Canadian Red Cross.....				960.00
Mrs. E. O'Grady.....				
	\$31,180.71	\$4,821.72	\$28,750.32	\$3,736.85
		\$11,940.00		\$9,210.00
Deduct:				
Portion of Rent charged Tennants—				
Canadian Industrial Alcohol Company Li- mited.....	\$20,633.35		\$20,010.87	
H. R. Howard & Company.....	1,560.00		1,430.00	
J. M. Douglas & Company.....	350.00			
St. Hyacinthe Distilling Company.....	300.00			
Campbell, Elwell & Company.....	466.69			
	\$23,310.04		\$21,440.87	
Add:				
Portion of Business and Water Taxes charged Tennants—				
Canadian Industrial Alcohol Company Limited.....	2,126.51		2,126.51	
R. Howard & Company.....	195.18		195.18	
	25,631.73		23,762.56	
	\$5,548.98	\$4,821.72	\$4,987.76	\$3,736.85
		\$11,940.00		\$9,210.00

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 6E

SIR MORTIMER DAVIS, INCORPORATED

INTEREST ON INSTALMENTS OF INTEREST, SEPTEMBER 30, 1928

Total Unpaid Interest September 30, 1927.....	\$2,319,237.50	
Deduct:		
J. B. Waddell.....	\$88,513.06	
H. M. Marler.....	900.00	
	<u>89,413.06</u>	
	<u>\$2,229,824.44</u>	
3% for half year to March 31, 1928.....		\$66,894.73
Less: Interest from March 23 to March 31, 1928, nine days at 6%.....		<u>3,298.93</u>
		\$63,595.80
The Davis Trust Interest Unpaid (March 23-31, 1928)..	\$4,438.36	
3% for half year to September 30, 1928.....		133.14
		<u>\$63,728.94</u>

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 6E—1

SIR MORTIMER DAVIS, INCORMORATED

INTEREST ON INSTALMENTS OF INTEREST ON 6% SERIAL
NOTES, AUGUST 31, 1929

THE DAVIS TRUST:		
Interest unpaid September 30, 1928.....	\$ 94,571.50	
6% thereon September 30, 1928—March 31, 1929..	<u>2,837.16</u>	
Interest unpaid March 31, 1929.....	187,408.66	
6% thereon April 1—August 31, 1929.....	<u>4,685.20</u>	
		<u>\$7,522.36</u>

Exhibits.
—
P-9.
Auditors'
Report and
Statement
of Incor-
porated
Company,
31st August
1929—con-
tinued.

PLAINTIFFS' EXHIBIT P-9—SCHEDULE 6F

SIR MORTIMER DAVIS, INCORPORATED

Exhibits.
P.9.
Auditors'
Report and
Statement
of Incor-
porated
Company,
31st August
1929—con-
tinued.

	Year ending Sept. 30, 1928	Eleven month to August 31, 1929	
ALBERTA COAL PROPERTIES EXPENSE:			
Diamond Drill Contracting Co.	\$6,729.67	\$3,957.00	
T. P. Cochran's Expenses	1,003.93	914.76	
Poillon & Poirier		279.30	
Cadillac Coal Co.		112.25	
Long Distance Calls, Telegrams, etc.		68.98	
	————— \$7,733.60	—————	\$5,332.32
ALBERTA OIL FIELDS EXPENSES:			
Rentals—			
Dept. of Interior	\$17,012.35	2,703.00	
Canadian Pacific Ry.	5,508.00	2,997.00	
Calgary & Edmonton Land Co.	5,056.31	2,528.15	
E. A. Cunningham Services and Exp.	5,495.34	82.37	
Poillon & Poirier Services & Exps.	4,296.89		
Legal Expenses re Oil Leases		330.70	
Filing Fee re Townships 7 & 8		231.70	
T. P. Cochran's expenses		52.65	
	————— 37,368.89	—————	8,925.57
EXPLORATION EXPENSES:			
Poillon & Poirier Services	\$1,500.00		
R. V. Hopper & J. Edwardson	1,691.00	1,939.78	
Travelling Expenses, T. P. Cochran	114.45		
Telephone, Telegrams, etc.	3.93		
Licenses	20.00		
Supplies		1,337.10	
Sundries		341.48	
	————— 3,329.38	—————	3,618.26
SUDBURY MINES EXPENSE:			
Poillon & Poirier Expense	\$2,185.68		
Smith & Travers, Drilling	11,091.25		
T. P. Cochran's Expenses		211.72	
	————— 13,276.93	—————	211.72

PLAINTIFFS' EXHIBIT P-10

Exhibits.

P-10.
Annual
Report and
Statement
of Incorporated
Company,
30th September
1929.

PRICE, WATERHOUSE & Co.

145 St. James Street
(Dominion Express Building)

MONTREAL, November 16, 1929.

10 The President and Directros,
Sir Mortimer Davis, Incorporated,
Montreal.

Dear Sirs:

In accordance with instructions, we have brought our examination of the books and accounts of Sir Mortimer Davis, Incorporated up to September 30, 1929. Our previous examination of the accounts covered the eleven months ending August 31, 1929, and we would refer you to our report thereon dated October 7, 1929.

We have prepared and attach hereto a Balance Sheet (Exhibit A) of the Company at September 30, 1929, and Statement of Profit and Loss (Exhibit B) for the year ending that date.

No change has taken place since August 31, 1929, in the Company's Investments and Properties, but Loans Receivable have been reduced from an amount of \$561,579.08 to \$492,350.30. The details making up this latter amount are appended hereto (Exhibit C).

30 On the Balance Sheet at September 30, 1929, we have shown under the heading of Capital Surplus, the Surplus Income of the Company to March 31, 1928, after eliminating therefrom all profits and losses from the realization of Securities and Properties; and we have added these profits and losses to Capital Surplus arising from revaluation of Capital Assets. This change in the manner of stating the Surplus Account does not, of course, affect the aggregate surplus balance at March 31, 1928, which amounted to \$4,154,812.30.

40 On the Balance Sheet at August 31, 1929, a liability of \$212,516.-86 was shown as due to Shareholders in respect of the purchase of capital stock. This liability was discharged as of September 17, 1929, and therefore disappears from the Balance Sheet at September 30, 1929.

We are appending a list of Shareholders of the Company as at September 30, 1929 (Exhibit D) and also a list of the Holders, as at that date, of the 6% Twenty Year Serial Notes. Under By-law No. 1 at least \$100,000.00 aggregate par value of the Notes should be redeemed and paid annually by the Company on October 1st, com-

Exhibits.
—
P-10.
Annual
Report and
Statement
of Incor-
porated
Company,
30th Sept-
ember 1929
—*continued.*

10 mencing October 1, 1920. Under this provision \$1,000,000.00 par value of the Notes should have been redeemed by October 1, 1929, whereas at September 30, 1929, a total of only \$860,000.00 had been redeemed.

Our examination of the books and accounts has covered an inspection of all vouchers covering disbursements, but there are one or two certificates in regard to collateral securing the call loans yet to be received by us.

10 We shall be glad to furnish you with any further information on the accounts that you may desire.

Yours very truly,

PRICE. WATERHOUSE & Co.

Exhibits.
P-10.
Annual
Report and
Statement
of Incorporated
Company,
30th September 1929
—continued.

PLAINTIFFS' EXHIBIT P-10—EXHIBIT A
SIR MORTIMER DAVIS, INCORPORATED

BALANCE SHEET

ASSETS

INVESTMENTS IN STOCKS AND BONDS:

Capital Stock of the Canadian Industrial Alcohol Co. Limited:

496,300 Shares Ordinary Stock at \$20.00 \$9,926,000.00
56,080 Shares Class "B" Stock at \$20.00 1,121,600.00

Robert McNish & Co. Ltd. Debentures, 494,426 Debentures at \$4.50 2,224,917.00
Other Stocks and Bonds at book value 2,092,177.70

PROPERTIES \$15,364,694.70
156,121.56

LOANS AND INTEREST ACCRUED THEREON (Exhibit C) 492,350.30

LIFE INSURANCE POLICIES (at face value) \$16,013,166.56

OFFICE FURNITURE (Depreciated Book Value) 130,000.00

ACCOUNTS RECEIVABLE:

Estate of the late Sir Mortimer B. Davis \$941,649.32
Interest accrued on McNish Debentures 18,540.98
Sundry Accounts Receivable 5,499.36

CALL LOANS (Secured by marketable securities) 965,689.66
880,000.00

DEFERRED CHARGES:

Office Fixtures and Fittings less proportion written off to date \$ 14,705.16
Deferred Exploration Expenses 5,217.80
Insurance Unexpired and Taxes prepaid 2,457.88

22,380.84

\$18,014,059.76

SEPTEMBER 30, 1929

LIABILITIES

CAPITAL STOCK:

Authorised—67,500 shares of \$100.00 each \$6,750,000.00
Issued —50,000 " " 5,000,000.00

CAPITAL SURPLUS:

Arising from revaluation and profit on sale of Capital Assets \$3,329,702.82
Add: Surplus Income to March 31, 1928 825,109.48

4,154,812.30
\$ 9,154,812.30

TWENTY YEAR SIX PER CENT SERIAL NOTES:

Issued \$5,000,000.00
Less: Redeemed to date 860,000.00

4,140,000.00

TRUST DEPOSIT:

Mr. and Mrs. S. Davis 25,000.00

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ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Bank Overdraft \$ 205,825.06
Canadian Bank of Commerce (Secured Loans) 3,242,148.20
Interest accrued on 6% Serial Notes and Interest thereon—The Davis Trust 283,030.90
Sundry Accounts Payable 1,291.64

3,732,295.80

SURPLUS INCOME:

Balance from March 31, 1928, to September 30, 1928. \$ 250,040.95
Add: Profit for the year ending September 30, 1929, as per statement attached (Exhibit B) 711,910.71

961,951.66

\$18,014,059.76

CONTINGENT LIABILITY:

Guarantee to Canadian Bank of Commerce in respect of advances to Federal Asbestos Company, Limited, which at September 30, 1928, amounted to \$46,000.00 secured by deposit of Securities of Asbestos Corporation Limited of a market value of \$38,085.00 as at November 15, 1929.

PLAINTIFFS' EXHIBIT P-10—EXHIBIT B

SIR MORTIMER DAVIS, INCORPORATED

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING
SEPTEMBER 30, 1929**

Exhibits.
P-10.
Annual
Report and
Statement
of Incor-
porated
Company,
30th Sept-
ember 1929
—continued.

Income from Investments:			
In Stocks.....	\$1,005,713.99		
In Bonds.....	148,327.80		
			<u>\$1,154,041.79</u>
Interest received and accrued:			
On Loans.....	11,121.82		
On Call Loans.....	52,549.27		
On Current Accounts.....	44,806.10		
			<u>108,477.19</u>
Income from Insurance Agency.....			34.14
Directors' Fees.....			1,145.00
			<u>\$1,263,698.12</u>
DEDUCT: Taxes and Expenses on Properties owned by the Company in excess of Rentals.....			3,276.64
			<u>\$1,260,421.48</u>
DEDUCT: General and Administration Expenses:			
Salaries and Bonuses.....	\$ 50,882.18		
Office Rent and Taxes.....	5,441.19		
Province of Quebec Companies Tax.....	130.00		
General and Office Expenses.....	3,819.48		
Donations.....	12,040.00		
Depreciation of Office Furniture.....	313.63		
Amortization of Office Fixtures and Fittings.....	1,166.25		
			<u>73,792.73</u>
			<u>\$1,186,628.75</u>
DEDUCT: Interest paid and accrued:			
On Bank Loans.....	\$ 184,788.65		
On Other Loans.....	13,672.80		
On 6% Serial Notes.....	248,400.00		
On Instalments of Interest on 6% Serial Notes..	8,459.40		
			<u>455,320.85</u>
			<u>\$ 731,307.90</u>
DEDUCT:			
Alberta Coal Properties Expense.....	\$ 5,347.11		
Alberta Oil Fields Leases and Expenses.....	8,927.86		
Canadian Exploration Syndicate Expense.....	4,910.50		
Sudbury Mines Expense.....	211.72		
			<u>19,397.19</u>
Profit for the year ending September 30, 1929.....			<u><u>\$ 711,910.71</u></u>

PLAINTIFFS' EXHIBIT P-10—EXHIBIT D

SIR MORTIMER DAVIS, INCORPORATED

Exhibits.

P-10.

Annual
Report and
Statement
of Incorporated
Company,
30th Sept-
ember 1929
—continued.

LIST OF SHAREHOLDERS IN CAPITAL STOCK AND OF REGISTERED
HOLDERS OF 6% TWENTY YEAR SERIAL NOTES AS AT
SEPTEMBER 30, 1929

CAPITAL STOCK

Name	No. of Shares	Amount
Sir Mortimer B. Davis	45,070	\$4,507,000.00
Herbert M. Marler	1	100.00
Herbert M. McLean	1	100.00
John Bell Waddell	2,525	252,500.00
Lord Shaughnessy	2,401	240,100.00
A. M. Reaper	1	100.00
Lady Eleanor Davis	1	100.00
	<u>50,000</u>	<u>\$5,000,000.00</u>

6% TWENTY YEAR SERIAL NOTES

	No. of Notes	Amount
Mortimer B. Davis, John B. Waddell, J. R. Doulgas and H. M. Marler, Trustees	3,000	\$3,000,000.00
John B. Waddell	210	210,000.00
Herbert M. Marler	30	30,000.00
Sir Mortimer B. Davis	703½	703,500.00
Lord Shaughnessy	196½	196,500.00
	<u>4,140</u>	<u>\$4,140,000.00</u>

PLAINTIFFS' EXHIBIT P-52—2

SIR MORTIMER DAVIS, INCORPORATED

STATEMENT OF PROFIT AND LOSS FOR THREE MONTHS ENDING
DECEMBER 31, 1929

INCOME FROM INVESTMENTS:			
In Stocks.....	\$	220,380.54	
In Bonds.....		37,081.95	
		<u> </u>	\$ 257,462.49
INTEREST RECEIVED AND ACCRUED:			
On Loans.....		2,484.36	
On Call Loans.....		14,417.60	
On Current Accounts.....		17,871.31	
		<u> </u>	34,773.27
Directors' Fees.....			125.00
			<u> </u>
			\$292,360.75
DEDUCT:			
Taxes and Expenses on Properties owned by the Company in excess of Rentals.....			1,149.79
			<u> </u>
			\$291,210.97
DEDUCT:			
Salaries.....		12,125.71	
Office Rent and Taxes.....		1,360.29	
Prov. of Quebec Companies Tax (propn. for 3 months).....		32.49	
General & Office Expenses.....		1,378.22	
Donations.....		260.00	
Depreciation on Office Furniture.....		70.57	
Amortization on Office Fixtures and Fittings....		291.56	
		<u> </u>	15,518.84
			<u> </u>
			\$275,692.13
DEDUCT: Interest paid and accrued:			
On Bank Loans.....	\$	48,584.60	
On other Loans.....		375.00	
On 6% Serial Notes.....		62,100.00	
On Instalments of Interest on Serial Notes.....		4,245.45	
		<u> </u>	115,305.05
			<u> </u>
			\$160,387.08
DEDUCT:			
Alberta Oil Leases.....		58.05	
Exploration Expenses.....		45.94	
		<u> </u>	103.99
PROFIT FOR THREE MONTHS ENDING DECEMBER 1, 1929.....			<u><u> </u></u>
			\$160,283.09

Exhibits.
—
P-52.
Balance
Sheet of the
Incor-
porated
Company,
31st Dec-
ember 1929
—continued.

PLAINTIFFS' EXHIBIT P-52—3

SIR MORTIMER DAVIS, INCORPORATED

Exhibits.
 P-52.
 Balance
 Sheet of the
 Incorporated
 Company,
 31st Dec-
 ember 1929
 —continued.

INCOME FROM INVESTMENTS:

IN STOCKS:

Canadian Industrial Alcohol Co. Ltd.:			
Ordinary Stock	.....	\$188,593.24	
“B” Stock	.....	21,310.40	
		<hr/>	\$209,903.64
Royal Bank of Canada	.....		6,615.00
Anglo-Scottish American Corporation	.....		1,191.90
Imperial Tobacco Co. of Canada Ltd.	.....		1,125.00
Investment Foundation Limited	.....		1,125.00
Crown Trust Company	.....		350.00
National Steel Car Co. Limited	.....		70.00
		<hr/>	\$220,380.54

IN BONDS:

Robt. McNish & Co. Limited Debentures	.....		37,081.95
		<hr/>	\$257,462.49

LOANS	Amount	Income for period
DEMAND:		
Dominion Reduction Co. Limited (net)	\$300,000.00	
Maurice E. Davis	5,211.83	\$84.04
LOANS AGAINST McNISH DEBENTURES:		
M. H. Davis	1,342.71	20.34
Audley Curran	2,148.21	32.54
Mortimer B. Davis	9,470.53	143.83
Lord Shaughnessy	13,427.24	203.39
LOANS AGAINST ALCOHOL “B” STOCK:		
M. H. Davis	737.98	11.08
Audley Curran	495.31	7.46
Lord Shaughnessy	7,214.59	108.37
LOANS AND AEPANCES TO		
Cadillac Coal Company Limited	113,533.43	1,692.61
INCOME FROM LOANS PAID OFF DURING PERIOD:		
Lady Eleanor Davis	.....	180.70
	<hr/>	<hr/>
	\$455,581.83	\$ 2,484.36
	<hr/>	<hr/>

PLAINTIFFS' EXHIBIT P-52—4

SIR MORTIMER DAVIS, INCORPORATED

Exhibits. P-52. Balance Sheet of the Incor- porated Company, 31st Dec- ember 1929 —continued.	OTHER STOCKS AND BONDS AT BOOK VALUE:	
	As at September 30, 1929.....	\$2,092,177.70
	DEDUCT:	
	Mason Valley Stock, 5,228 shares at Book Value.....	5,228.00
	Balance as at December 31, 1929.....	\$2,086,949.70
	CAPITAL SURPLUS, arising from revaluation and profit on sale of Capital Assets :	
	As at September 30, 1929.....	\$3,329,702.82
	Add:	
	Mason Valley Stock:	
	5,228 shares at \$2.00.....	\$10,456.00
	Less: Book Value.....	5,228.00
		5,228.00
Mason Valley Stock received in payment of claims 177,582 at \$2.00.....	355,164.00	
	360,392.00	
Balance as at December 31, 1929.....	\$3,690,094.82	

**Exhibit Group No. 4: Analysis by Geo. C. McDonald, C.A., of
Financial Statements of Estate and the Incorporated
Company at and since death, March 22, 1928**

Exhibits.

P-199.
Summary of
Problem of
Executors
re Liquidation of Liabilities of the Estate (prepared by Geo. C. McDonald, C.A.) For amendment of this Exhibit, see P-211, 22nd March 1928.

PLAINTIFFS' EXHIBIT P-199

ESTATE LATE SIR MORTIMER B. DAVIS

**SUMMARY SHOWING PROBLEM OF EXECUTORS IN DEALING WITH
LIQUIDATION OF LIABILITIES OF THE ESTATE AS AT
22ND MARCH, 1928**

Current Liabilities in Estate		\$4,174,345.88
Current Liabilities—Sir Mortimer Davis Incorporated		437,156.30
		<u>\$4,611,502.18</u>
Less—		
Available Assets of Estate	\$1,170,047.01	
Available Assets of Sir Mortimer Davis Incorporated.....	1,992,732.42	
		<u>\$3,162,779.43</u>
Net Deficiency of Liquid Assets without taking into account the McNish Debentures or Shares of Alcohol "B" Stock.....		\$1,448,722.75
Bank of Commerce Loan—31st March, 1928.....	\$3,590,504.19	
Secured by—		
60,000 Shares Canadian Industrial Alcohol "A"—Market value	\$2,460,000.00	
494,426 Debentures Robt. McNish & Co.—Market Value.....	2,229,080.90	
		<u>\$4,689,080.90</u>
Other Securities not included in the above are:—		
Alcohol "B"—61,980 shares at 39		\$2,180,880.00
Asbestos Corp. Common—5,000 shares at 31¼		156,250.00
Consolidated Asbestos Common—37,185 shares at 15%		581,015.63
		<u>\$2,918,145.63</u>

In addition to this there were 436,340 shares of Alcohol "A" at 41 and certain properties and loans.

ESTATE LATE SIR MORTIMER B. DAVIS

22ND MARCH, 1928

CURRENT LIABILITIES

Estate:—		
Succession Duties	\$1,392,158.08	
Accounts Payable:—		
Funeral Expenses	\$ 50,437.56	
Sundry Accounts	166,363.49	
Joint Hospital Campaign	7,500.00	
Y.M.H.A. Building	290,000.00	
		<u>514,301.05</u>
Bank Overdrafts	139,163.27	
Legacies and Bequests	428,723.48	
Contracts and Donations	1,700,000.00	
		<u>\$4,174,345.88</u>

Assets in Estate available to meet Current Liabilities:—		
Cash on hand and in Bank	\$	29,429.31
Accounts Receivable		7,729.32
Personal Jewelry		18,667.50
Accrued Interest		4.83
Marketable Securities	\$2,329,982.94	
Less—Bamberger	1,348,391.77	
		<u>981,591.17</u>
Racing Stable—France		132,624.88
		<u>\$1,170,047.01</u>
Excess of Current Liabilities		<u>\$3,004,298.87</u>

ESTATE LATE SIR MORTIMER B. DAVIS
MARKETABLE SECURITIES AS AT 22ND MARCH, 1928

Liggett & Myers Tobacco	\$1,060,560.00
Tobacco Products Ltd.	565,862.50
Victor Talking Machine	539,647.50
Wolf Advertising Co., N.Y.	74,960.94
Royal Bank of Canada	59,452.00
United Cigar Stores	25,000.00
Mount Bruno Country Club	3,500.00
Mount Royal Club Bonds	1,000.00
	<u>\$2,329,982.94</u>

SIR MORTIMER DAVIS INCORPORATED
22ND MARCH, 1928

Current Liabilities:—		
Amount due Shareholders	\$	199,515.55
Trust Deposit		25,000.00
Accrued Interest on Davis Trust		165,622.24
J. B. Waddell		46,118.51
H. M. Marler		900.00
Sundry Accounts Payable		
Can. Bank of Commerce Secured Loan (Query Fixed Liability)	\$	437,156.30
		<u>\$3,590,504.19</u>

Assets available to meet Current Liabilities:—		
Cash in Bank	\$	204,322.78
Cash on Call		853,970.52
Life Insurance		185,000.00
Accounts Receivable		22,408.08
Loans—Demand		82,811.66
Loans—Secured		87,644.77
Marketable Securities		544,987.46
Notre Dame de Grace Property		11,587.15
		<u>\$1,992,732.42</u>

SIR MORTIMER DAVIS INCORPORATED
MARKETABLE SECURITIES AS AT 22ND MARCH, 1928, EXCLUSIVE OF
PRINCIPAL HOLDINGS

Royal Bank	\$	396,900.00
Imperial Tobacco		43,750.00
Mason Valley		7,189.00
National Steel Car		4,618.00
Crescent Lorraine		21,567.00
Anglo Scottish		23,630.13
Crown Trust		23,000.00
Harbins Ltd. Pfd.		24,333.33
		<u>\$ 544,987.46</u>

Exhibits.

P-199.
Summary of
Problem of
Executors
re Liquidation of Liabilities of the Estate (prepared by Geo. C. McDonald, C.A.). For amendment of this Exhibit, see P-211, 22nd March 1928—continued.

Exhibits.

P-211.
Summary
(amended)
of problem
of Executors
re Liquidation
of Liabilities
of the Estate
(prepared
by Geo. C.
McDonald,
C.A.),
22nd March
1928.

PLAINTIFFS' EXHIBIT P-211

ESTATE LATE SIR MORTIMER B. DAVIS

AMENDED SUMMARY SHOWING PROBLEM OF EXECUTORS IN DEALING WITH
LIQUIDATION OF THE ESTATE AS AT 22ND MARCH, 1928

Current Liabilities in Estate	\$4,174,345.88
Current Liabilities—Sir Mortimer Davis Incorporated.....	271,534.06
	\$4,445,879.94
Less—	
Available Assets of Estate	\$1,170,047.01
Available Assets of Sir Mortimer Davis Incorporated	1,992,732.42
	3,162,779.43
Net Deficiency of Liquid Assets without taking into account the	
McNish Debentures or shares of Alcohol "B" Stock.....	\$1,283,100.51
	\$3,590,504.19
Bank of Commerce Loan—31st March, 1928.....	\$3,590,504.19
Secured by—	
60,000 Shares Canadian Industrial Alcohol "A,"	
Market Value	\$2,460,000.00
494,426 Debentures Robt. McNish & Co., Market	
Value	2,229,080.90
	\$4,689,080.90
Other Securities not included in the above are:—	
Alcohol "B"	61,980 shares @ 39 \$2,180,880.00
Asbestos Corp. Common	5,000 shares @ 31¼ 156,250.00
Consolidated Asbestos Common	37,185 shares @ 15⅞ 581,015.63
	\$2,918,145.63
In addition to this there were 436,340 shares of Alcohol "A" @ 41 and certain properties and loans.	

ESTATE LATE SIR MORTIMER B. DAVIS

22ND MARCH, 1928

CURRENT LIABILITIES

Estate—	
Succession Duties	\$1,392,158.08
Accounts Payable:	
Funeral Expenses	\$ 50,437.56
Sundry Accounts	166,363.49
Joint Hospital Campaign	7,500.00
Y.M.H.A. Building	290,000.00
	514,301.05

Bank Overdrafts	139,163.27	
Legacies and Bequests	428,723.48	
Contracts and Donations	1,700,000.00	
		<u>\$4,174,345.88</u>
Assets in Estate available to meet		
Current Liabilities—		
Cash on hand and in bank	\$ 29,429.31	
Accounts Receivable	7,729.32	
Personal Jewelry	18,667.50	
Accrued Interest	4.83	
Marketable Securities	\$2,329,982.94	
Less—Bamberger	1,348,391.77	
		<u>981,591.17</u>
Racing Stable—France	132,624.88	
		<u>1,170,047.01</u>
Excess of Current Liabilities		<u><u>\$3,004,298.87</u></u>

ESTATE LATE SIR MORTIMER B. DAVIS

MARKETABLE SECURITIES AS AT 22ND MARCH, 1928

Liggett & Myers Tobacco	\$1,060,560.00
Tobacco Products Ltd.	565,862.50
Victor Talking Machine	539,647.50
Wolff Advertising Co., N.Y.	74,960.94
Royal Bank of Canada	59,452.00
United Cigar Stores	25,000.00
Mount Bruno Country Club	3,500.00
Mount Royal Club Bonds	1,000.00
	<u>\$2,329,982.94</u>

SIR MORTIMER DAVIS INCORPORATED

22ND MARCH, 1928

Current Liabilities—	
Amount due Shareholders	\$ 199,515.55
Trust Deposit	25,000.00
Accrued Interest—J. B. Waddell	46,118.51
H. M. Marler	900.00
	<u>\$ 271,534.06</u>
Can. Bank of Commerce Secured Loan (Query Fixed Liability)	<u>\$3,590,504.19</u>
Assets available to meet Current Liabilities—	
Cash in Bank	\$ 204,322.78
Cash on Call	853,970.52
Life Insurance	185,000.00
Accounts Receivable	22,408.08

Exhibits.
P-211.
Summary
(amended)
of problem
of Executors
re Liquidation
of Liabilities
of the Estate
(prepared
by Geo. C.
McDonald,
C.A.),
22nd March
1928—con-
tinued.

Exhibits.
—
P-211.
Summary
(amended)
of problem
of Executors
re Liquidation
of Liabilities
of the Estate
(prepared
by Geo. C.
McDonald,
C.A.),
22nd March
1928—*con-
tinued.*

Loans—Demand	82,811.66
Loans—Secured	87,644.77
Marketable Securities	544,987.46
Notre Dame de Grace Property	11,587.15
	\$1,992,732.42

SIR MORTIMER DAVIS INCORPORATED

MARKETABLE SECURITIES AS AT 22ND MARCH, 1928, EXCLUSIVE
OF PRINCIPAL HOLDINGS

Royal Bank	\$ 396,900.00
Imperial Tobacco	43,750.00
Mason Valley	7,189.00
National Steel Car	4,618.00
Crescent Lorraine	21,567.00
Anglo Scottish	23,630.13
Crown Trust	23,000.00
Harbins Ltd. Pfd.	24,333.33
	\$ 544,987.46

PLAINTIFFS' EXHIBIT P-200

ESTATE LATE SIR MORTIMER B. DAVIS

MEMORANDUM SHOWING LIABILITIES AS AT 22ND MARCH, 1928

LEGACIES AND SUCCESSION DUTIES PAID OR DISCHARGED PRIOR TO 30TH
SEPTEMBER, 1929

P-200.
Memoranda
re Liabilities
of the Estate
and Incorporated
Company
(prepared
by Geo. C.
McDonald,
C.A.),
March 1928
to Sept-
ember 1929.

<i>Bank Overdrafts—</i>	
Canadian Bank of Commerce.....	\$ 99,886.61
Lloyds Bank	27,265.27
	\$ 127,151.88
<i>Accounts Payable—</i>	
Y.M.H.A. Building	278,478.89
Joint Hospital Campaign.....	2,500.00
Sundry Accounts	136,089.38
Funeral Expenses	15,997.65
	433,065.92
<i>Contracts and Donations—</i>	
Marriage Contract—Lady Elinor Davis.....	200,000.00
<i>Legacies and Bequests—</i>	
Lady Davis—for servants in Canada.....	3,800.00
Howard Clarke (by contra).....	1,000.00
Personal jewellery and effects to Mortimer Davis..	18,667.50
Personal cash to Lady Davis.....	255.98
	23,723.48

Succession Duties and expenses connected therewith...	92,158.08
SUB-TOTAL	\$ 876,099.36
<i>Secured Loan—</i>	
Bamberger Bros.	1,348,391.77
	<u>\$2,224,491.13</u>

ESTATE LATE SIR MORTIMER B. DAVIS

LIABILITIES AND LEGACIES OF ESTATE AS AT 22ND MARCH, 1928, NOT
DISCHARGED BY 30TH SEPTEMBER, 1929

<i>Bank Overdraft—</i>	
Canadian Bank of Commerce.....	\$ 12,011.39
<i>Accounts Payable—</i>	
Y.M.H.A. Building	\$ 11,521.11
Joint Hospital Campaign.....	5,000.00
Sundry Accounts Payable.....	30,274.11
Funeral Expenses	34,439.91
	<u>\$ 81,235.13</u>
<i>Contracts and Donations—</i>	
Lord Shaughnessy, M. B. Davis, H. M. Marler..	\$1,200,000.00
H. M. Marler and J. B. Waddell.....	200,000.00
Marriage Contract—Lady H. M. Meyer.....	100,000.00
	<u>1,500,000.00</u>
<i>Legacies and Bequests—</i>	
William Godsall	\$ 2,000.00
F. G. Allen	2,000.00
Lord Shaughnessy	1,000.00
Montreal General Hospital.....	100,000.00
Notre Dame Hospital.....	100,000.00
Y.M.H.A.	100,000.00
Federation of Jewish Philanthropies.....	100,000.00
	<u>405,000.00</u>
Exhibits.	1,300,000.00
P-200.	
Memoranda	
re Lia-	
bilities of	
the Estate	
and Incorporated	
Company	
(prepared	
by Geo. C.	
McDonald,	
C.A.),	
March 1928	
to Sept-	
ember 1929	
—continued.	
	<u>\$3,298,246.52</u>

ESTATE LATE SIR MORTIMER B. DAVIS

LIABILITIES IN INCORPORATED COMPANY AS AT 31ST MARCH, 1928
PAID BY 30TH SEPTEMBER, 1929

H. M. Marler and H. B. McLean in Trust.....	\$199,515.55
J. B. Waddell.....	46,118.51
Canadian Bank of Commerce Loan.....	348,355.99
H. M. Marler.....	900.00
	<u>\$594,890.05</u>

PLAINTIFFS' EXHIBIT P-201

SIR MORTIMER DAVIS INCORPORATED

PERIOD 22ND MARCH, 1928, TO 30TH SEPTEMBER, 1929

Exhibits.

P-201.

Investments
of Incorporated
Company
subject to
criticism
(prepared
by Geo. C.
McDonald,
C.A.),
March 1928
to Sept-
ember 1929.

INVESTMENTS SUBJECT TO CRITICISM

2,200 shs. Canadian Industrial Alcohol " A ".....	\$ 68,666 24
160 shs. Canadian Industrial Alcohol " B ".....	6,263.00
1,000 shs. Imperial Tobacco	5,000.80
1,500 shs. Investment Foundation Ltd. Units.....	97,500.00
3,000 shs. Investment Foundation Ltd. Directors' Com.....	45,000.00
500 shs. Jennison & Co. Pfd. }	50,000.00
500 shs. Jennison & Co. Com. }	
33 shs. National Steel Car Corp. Com.....	2,515.00
189 shs. Royal Bank of Canada.....	37,800.00
\$50,000 Cadillac Coal Co. 1st Mtge. Bonds.....	50,000.00
Union Cigar Co.....	30,103.15

\$392,848.49

Loans and Advances to Cadillac Coal Co..... \$108,920.41

Sundry Disbursements charged against revenue—

Alberta Coal Properties Expense.....	\$ 13,080.71
Alberta Oil Fields Leases and Expenses.....	36,861.76
Canadian Exploration Syndicate Expenses.....	6,739.88
Sudbury Mines Expenses.....	392.88
Deferred Exploration Expenses.....	5,217.80

Exhibits.

P-202.
Balance
Sheets of
the Estate
as at March
22nd, 1928,
and Sept-
ember 30th,
1929, and
Summary of
intervening
transactions
(prepared
by Geo. C.
McDonald,
C.A.),
March 1928
to Sept-
ember 1929.

PLAINTIFFS' EXHIBIT P-202—1
ESTATE OF THE LATE SIR MORTIMER B. DAVIS

STATEMENT SHOWING FINANCIAL TRANSACTIONS

DURING PERIOD FROM 22ND MARCH, 1928 TO 30TH SEPTEMBER, 1929

	Balance Sheet March 22nd, 1928		Revenue and Expenditure Account		Profit and Loss	Capital Cash		Remarks	No. of Shares	Balance Sheet September 30th, 1929	
	Assets	Liabilities	Revenue	Expenditure		Receipts	Disbursements			Assets	Liabilities
516 Pine Avenue West	\$170,000.00		15,019.20			375.00		Sale of Furn.		\$170,000.00	
do Contents	\$13,347.00									12,972.00	
Ste. Agathe des Monts	63,350.00		13,216.67							63,350.00	
do Contents	4,257.00									4,257.00	
North Cobalt—Lot	1.00									1.00	
Mt. Royal Cemetery, Lot No. 6	4,320.00					4,320.00		Chg. to Furn. Expd. sold			
Racing Stable, France	118,200.00		4,735.22		14,424.88	118,200.00				14,070.00	
Furniture, etc., Cannes	14,070.00									703,500.00	
Sir M. Davis, Inc., 6% Serial Notes \$100.00 each	703,500.00		46,768.35								
Mt. Royal Club 4 1/2% Bonds \$100.00 each	1,000.00		64.80			1,000.00					
Robt. McNish & Co. Ltd., 6% Debentures \$360.00	324.00		30.27								324.00
Stocks:											
Sir M. Davis Inc., \$100.00 par	7,586,250.00	44,625 shares						76,500.00 Bought 500 new Sold 50—Net 450 new	45,075 Shs.	7,662,750.00	
Liggett & Myers Tobacco Co. Com.		3,300 "									3,300
Liggett & Myers Tobacco Co. "B"		6,520 "	68,740.00								1,060,560.00
Tobacco Products Co.		5,000 "			10,862.50	555,000.00					
Victor Talking Machine		6,000 "			29,647.50	510,000.00					
Wolf Advtg. Co. New York 7% Pfd. par value \$100.00		750 "	5,250.00					5,291.25 Bought 27 Shs. Sold 5 Rights	750 "	74,960.94	
Royal Bank of Canada \$100.00 par		167 "	3,523.30					Sold 500 Shs.	194 "	64,743.25	
United Cigar Stores Products Scrip "A"		1,000 "	805.00			12,500.00			500 "	12,500.00	
South American Platinum Corpn.		1,000 "							1,000 "	3,000.00	
Can. Ind. Alcohol Co. Ltd. Com. "B"		72 "	182.16						72 "	2,952.00	
do		9 "	22.77						9 "	351.00	
Forest & Stream Club, 5% Perm.		8 "	60.00						8 "	800.00	
Mount Bruno Country Club, par \$100.00		15 "							25 "	1,250.00	
Elm Ridge Country Club, par \$100.00		25 "			2,000.00	1,500.00			10 "	500.00	
Prudential Trust Co. 7% Pfd.		10 "							2,000 "	1.00	
Toronto Bond Exchange, par value \$10.00		2,000 "							200 "	1,000.00	
Ryan Consolidated Petroleum Corpn.—no par value		200 "							41 "	1,025.00	
Mansfield Theatre Co. Ltd., \$100.00 par		41 "	205.00						10 "	1,250.00	
Montreal Jockey Club, \$100.00 par		10 "							2 "	1.00	
Travellers Club, Paris		2 "							10 "	1.00	
Laurentian Golf & Country Club, \$100.00 par		10 "							375,000 "	1.00	
Crescent Lorraine Silver Mining Co. Ltd., par value \$1.00		375,000 "							872,749 "	1.00	
Shamrock Silver Co. Ltd., par value \$1.00		872,749 "							13 "	1.00	
North American Cobalt Ref.-Co. Ltd., par value \$100.00		13 "							20,000 "	1.00	
Davis Silver Cobalt Mines Ltd., par value \$1.00 each		20,000 "								1.00	
Carried forward	\$10,976,226.94		32,971.09	125,651.65	56,934.88	1,202,895.00	81,791.25			9,855,123.19	

Exhibits.

P-202.

Balance
Sheets of
the Estate
as at March
22nd, 1928,
and Sept-
ember 30th,
1929, and
Summary of
intervening
transactions
(prepared
by Geo. C.
McDonald,
C.A.),
March 1928
to Sept-
ember 1929
—*continued.*

Exhibits.

P-202.

Balance
Sheets of
the Estate
as at March
22nd, 1928,
and Sept-
ember 30th,
1929, and
Summary of
intervening
transactions
(prepared
by Geo. C.
McDonald,
C.A.),
March 1928
to Sept-
ember 1929
—*continued.*

AINTIFFS' EXHIBIT P-202—4

Exhibits.
 P-202.
 Balance
 Sheets of
 the Estate
 as at March
 22nd, 1928,
 and Sept-
 ember 30th,
 1929, and
 Summary of
 intervening
 transactions
 (prepared
 by Geo. C.
 McDonald,
 C.A.),
 March 1928
 to Sept-
 ember 1929
 —continued.

ESTATE LATE SIR MORTIMER B. DAVIS

RECAPITULATION OF REVENUE CASH TRANSACTIONS. 22ND MARCH, 1928, TO 30TH SEPTEMBER, 1929

RECEIPTS		DISBURSEMENTS	
Dividends.....	78,788.23	Property Expenses.....	\$ 32,971.09
Bond Interest.....	46,863.42	Interest on Sir Mortimer B. Davis Account (Net).....	23,348.10
Interest on \$196,500 Notes in Trust.....	12,543.23	Sundry Interest.....	52,803.29
		Annuities.....	273,688.88
		Trustees' Fees.....	22,869.84
		Legal Expenses.....	1,065.25
		Succession Duty Expenses.....	21.99
		Taxes, Upkeep, Rent—French Villas.....	18,368.23
		Other Expenses in France.....	4,784.91
		General Office Expenses.....	694.48
		Automobile Expenses.....	322.72
	<u>138,294.88</u>		
DEFICIT OF REVENUE CASH borrowed from Capital			
Cash as follows:			
Accrued Interest on Bonds.....	31,872.54		
To Cover Excess Expenditure.....	463,910.80		
	<u>495,783.34</u>		
Less—Advanced from Revenue Cash:			
Accrued Interest on Contracts and Donations.....	125,702.77		
Accrued Interest on Succession Duties.....	77,436.67		
	<u>\$203,139.44</u>		
	\$292,643.90		
	<u>\$430,938.78</u>		
			<u>\$430,938.78</u>

Exhibits.

P-202.
Balance
Sheets of
the Estate
as at March
22nd, 1928,
and Sept-
ember 30th,
1929, and
Summary of
intervening
transactions
(prepared
by Geo. C.
McDonald,
C.A.),
March 1928
to Sept-
ember 1929
—continued.

PLAINTIFFS' EXHIBIT P-202—5

ESTATE LATE SIR MORTIMER B. DAVIS

RECAPITULATION OF CAPITAL CASH TRANSACTIONS 22ND MARCH, 1928 TO 30TH SEPTEMBER, 1929

RECEIPTS

BAMBERGER LOAN:	
Assets Sold.....	\$1,111,510.00
Borrowed from Bank.....	215,000.00
	<hr/>
Assets Sold.....	\$1,326,510.00
Sundry Bequests, etc.....	152,199.88
Cash Accounts.....	24,897.56
Sundry Items.....	29,173.33
Incorporated Company.....	229.68
	<hr/>
	1,104,989.38

DISBURSEMENTS

Bamberger Loan.....	\$1,348,391.77
Investments.....	81,791.25
Bank Overdrafts.....	127,151.88
Accounts Payable.....	453,422.82
Bequests and Legacies.....	23,723.48
Liabilities.....	292,337.12
Sundry Items.....	18,538.06
	<hr/>
	\$2,345,356.38

EXCESS OF CAPITAL CASH lent to Revenue

Cash as follows:

Accrued Interest on Bonds.....	31,872.54
To Cover Excess Expenditure.....	463,910.80
	<hr/>
	495,783.34

Less—Borrowed from Revenue Cash—

Accrued Interest on Contracts and Donations.....	125,702.77
Accrued Interest on Succes- sion Duties.....	77,436.67
	<hr/>
	\$203,139.44

292,643.90

\$2,638,000.28

\$2,638,000.28

Exhibits.

—
P-203.

Balance
Sheets of
the Incorporated
Company
as at March
22nd, 1928,
and Sept-
ember 30th,
1929, and
Summary of
intervening
transactions
(prepared
by Geo. C.
McDonald,
C.A.),
March 1928
to Sept-
ember 1929.

PLAINTIFFS' EXHIBIT P-203—1
SIR MORTIMER DAVIS, INCORPORATED
STATEMENT SHOWING FINANCIAL TRANSACTIONS

DURING PERIOD FROM 31st MARCH, 1928 TO 30th SEPTEMBER, 1929

	Balance Sheet 31st March, 1928		Revenue and Expenditure Account		Profit and Loss		Capital Cash		Balance Sheet 30th September, 1929			
	No. of Shares	Assets	Expenditure	Revenue	Loss	Profit	Receipts	Disbursements	Remarks	No. of Shares	Assets	Liabilities
INVESTMENTS IN STOCKS AND BONDS:												
Asbestos Corporation Ltd.	5,000 Sbs.	106,071.88		1,164.00	24,666.24	53,343.43	55,412.37	54,612.37	Net sales 40 shs.	5,000	106,071.88	
Anglo-Scottish Amalgamated	5,000	23,630.13		1,252,159.14	3,063.00	149,619.29	121,200.00	3,200.00	Net sales 5,900 shs.	5,000	23,630.13	
Canadian Industrial Alcohol Company	496,340	9,926,800.00		144,002.80				450,000.00	Bought 90,000 shs.	496,300	9,926,000.00	
do Class "B"	61,980	1,239,600.00								56,080	1,121,600.00	
Cadillac Coal Co. Ltd.		609,000.00								90,000	450,000.00	
Consolidated Asbestos Ltd.	37,185	23,000.00		2,100.00						37,185	609,000.00	
Crown Trust Company	200	23,000.00		4,656.00						200	23,000.00	
Harbens Limited	5,000	624,333.33		8,150.00				5,000.80	Bought 1,000 shs.	5,000	24,333.33	
Imperial Tobacco Co. of Canada Limited	5,000	31,187.20		1,125.00				97,500.00	" 1,500 "	6,000	36,188.00	
Investment Foundation Ltd.								45,000.00	" 3,000 "	3,000	97,500.00	
do Directors								50,000.00	" 500 "	500	45,000.00	
Jennison & Co. Ltd.									" 500 "	500	50,000.00	
do												
Mason Valley Mines	5,228	5,228.00						2,515.30	" 33 "	5,228	5,228.00	
National Steel Car Corp.	107	4,591.00		140.00				37,800.00	" 189 "	1,140	7,106.30	
Royal Bank of Canada	1,134	227,401.53		23,963.13				30,103.15	Instalment paid	1,323	265,201.53	
Union Cigar Company	10,000	20,043.75								10,000	50,146.90	
Union Tobacco Company	10,000	249,765.63								10,000	249,765.63	
Crescent Lorraine Silver Mining Company	499,950	1.00								499,950	1.00	
Croesus Gold Mines	9,000	1.00								9,000	1.00	
Dominion Reduction Co.	635,302	1.00								635,302	1.00	
General Cigars Co. Ltd.	852	1.00								852	1.00	
do	6,422	1.00								6,422	1.00	
Trans-Canada Theatre	4,000	1.00								4,000	1.00	
do	2,400									2,400		
Robt. McNish & Co. Ltd., Debentures	494,426	2,224,917.00		222,491.70				50,000.00	Bought \$50,000	494,426	2,224,917.00	
Cadillac Coal Co. 7% 1st Mortgage Bonds										50,000.00	50,000.00	
PROPERTIES:												
Notre Dame de Grace		19,045.35	4,486.06				18,712.15				333.20	
North Shore Property		15,000.00									15,000.00	
Federal Coals Property		10,000.00		1,240.22		490,000.00	10,000.00		Sold			
St. James Street Property		115,744.96									115,744.96	
319 Peel Street Property		25,043.40									25,043.40	
LOANS AND INTEREST ACCRUED THEREON:												
Demand:												
Dominion Reduction Co. Ltd.		300,000.00						10,522.96	In Liquidation deposit of McNish & Co. Debentures and Canadian Industrial Alcohol Common Stock.		300,000.00	
Less Reserve		28,296.00									38,818.96	
Lady Eleanor Davis												
do Accrued Interest		171.33	3,178.47				267.71				439.04	
Carried Forward		\$15,228,876.49	4,486.06	1,664,370.46	27,729.24	692,962.72	205,324.52	836,522.29			15,860,074.26	

Exhibits.

P-203.
Balance
Sheets of
the Incorporated
Company
as at March
22nd, 1928,
and Sept-
ember 30th,
1929, and
Summary of
intervening
transactions
(prepared
by Geo. C
McDonald,
C.A.),
March 1928
to Sept-
ember 1929
—*continued.*

PLAINTIFFS' EXHIBIT P-203—2
ESTATE SIR MORTIMER DAVIS, INCORPORATED

	Balance Sheet 31st March, 1928 Assets	Liabilities	Revenue and Expenditure Account	Revenue	Loss	Profit	Capital Cash Receipts	Disbursements	Remarks	No. of Shares	Balance Sheet 30th September, 1929 Assets	Liabilities
Brought forward.....	\$15,228,876.49		4,486.06	1,664,370.46	27,729.24	692,962.72	205,324.52	836,522.29			15,860,074.26	
LOANS AND INTEREST ACCRUED THEREON (Contd.):												
Rt. Hon. Lord Shaughnessy.....	50,000.00			5,432.77			49,239.92				760.08	
do Accrued Interest.....	4,344.33			725.12			4,344.33				6,327.79	
Maurice E. Davis.....												
OTHER LOANS:												
C. J. Jennison, Accrued Interest.....				379.72								
P. Segal, Accrued Interest.....				156.30								
LOANS SECURED BY DEPOSIT OF R. McNish & Co LIMITED DEBENTURES:												
Mortimer B. Davis, Jr.....	61,249.50			1,177.08			52,100.00		2.15		9,149.50	
do Accrued Interest.....	370.87						5.13				373.02	
Melvin H. Davis.....	1,350.00			121.71			8.16				1,344.87	
do Accrued Interest.....	8.16						51.15				13,448.85	
Rt. Hon. Lord Shaughnessy.....	13,500.00			1,217.08			81.77				2,151.67	
do Accrued Interest.....	81.77						8.33					
Audley Curran.....	2,160.00			194.60			13.07					
do Accrued Interest.....	13.07											
LOANS SECURED BY DEPOSIT OF CANADIAN INDUSTRIAL ALCOHOL CO. LTD.												
'B' STOCK:												
Rt. Hon. Lord Shaughnessy.....	7,536.99			660.48			288.27				7,248.72	
Melvin H. Davis.....	769.97			67.51			28.63				741.34	
Audley Curran.....	604.44			49.68			93.79				510.65	
Loans and Advances to Cadillac Coal Co. Ltd.				2,115.40				108,920.41			108,920.41	
do Accrued Interest.....								2,115.40			2,115.40	
LIFE INSURANCE POLICIES:												
Travelers Insurance Co. of Hartford.....	75,000.00										75,000.00	
Equitable Life Assurance Society of U.S.....	45,000.00										45,000.00	
Manhattan Life Insurance Co. of N.Y.....	5,000.00						5,000.00				10,000.00	
Mutual Life Insurance Co. of N.Y.....	10,000.00										50,000.00	
Aetna Life Insurance Co. of Hartford.....	50,000.00			2,400.00			50,000.00				2,822.70	
Office Furniture (Depreciated Book Value).....	3,442.68						619.98					
ACCOUNTS RECEIVABLE:												
Estate of Sir Mortimer B. Davis.....	18,540.98			42,430.31				941,649.32			941,649.32	
Interest accrued on McNish Debentures.....	3,867.10			58.99				1,632.26			18,540.98	
Sundry Accounts Receivable.....											5,499.36	
CASH IN BANK AND ON CALL:												
Canadian Bank of Commerce.....	204,322.78			77,076.21			204,322.78				880,000.00	
Call Loans.....	853,970.52							26,029.48				
DEFERRED CHARGES:												
Insurance unexpired and taxes prepaid.....								2,457.88			2,457.88	
Office Fixtures and Fittings, less proportion written off to date.....	17,229.66						2,524.50				14,705.16	
Deferred Exploration Expenses.....								5,217.80			5,217.80	
Carried forward.....	\$16,657,239.31		4,486.06	1,798,633.42	27,729.24	692,962.72	574,054.33	1,980,874.78			18,014,059.76	

Exhibits.

P-203.
Balance
Sheets of
the Incorporated
Company
as at March
22nd, 1928,
and Sept-
ember 30th,
1929, and
Summary of
intervening
transactions
(prepared
by Geo. C
McDonald,
C.A.),
March 1928
to Sept-
ember 1929
—*continued.*

Exhibits.
 P-203.
 Balance
 Sheets of
 the Incorporated
 Company
 as at March
 22nd, 1928,
 and September 30th,
 1929, and
 Summary of
 intervening
 transactions
 (prepared
 by Geo. C
 McDonald,
 C.A.),
 March 1928
 to September 1929
 —continued.

PLAINTIFFS' EXHIBIT P-203—4
 SIR MORTIMER DAVIS INCORPORATED
 RECAPITULATION OF REVENUE CASH TRANSACTIONS 31ST

MARCH, 1928, TO 30TH SEPTEMBER, 1929

RECEIPTS		DISBURSEMENTS	
Dividends.....	\$1,437,460.07	Expenses re Properties (Net).....	3,245.84
Bond Interest.....	222,491.70	Interest on 6% Serial Notes.....	372,600.00
Interest on Loans.....	13,090.66	Interest on Bank Loan.....	270,681.01
Interest on Call Loans.....	77,076.21	Interest on Other Loans.....	20,408.28
Directors' Fees.....	2,494.99	Interest on Instalments of Interest.....	5,293.62
Aetna Life Insurance Co.....	2,400.00	General and Administrative Expenses.....	108,750.72
Accounts Receivable—		Alberta Coal Properties Expense.....	13,080.71
Estate Sir Mortimer B. Davis.....	42,430.31	Alberta Oil Fields Leases and Expenses.....	36,861.76
Sundry.....	58.99	Canadian Exploration Syndicate Expenses.....	6,739.88
Insurance Agency.....	42,489.30	Sudbury Mines Expenses.....	392.88
Sundries.....	59.27		838,054.70
	58.90	DEDUCT—Accrued amounts as per memo below.....	ϕ118,700.30
			719,354.40
		EXCESS OF REVENUE CASH lent to Capital Cash	
		as follows:—	
		The Davis Trust—Interest accrued on notes	\$117,408.66
		and interest thereon.....	1,291.64
		Accounts Payable.....	ϕ\$118,700.30
		Less—Accrued Interest on Loans—Ad-	2,385.26
		vanced from Capital Cash.....	
		Excess Revenue.....	116,315.04
			961,951.66
	<u>\$1,797,621.10</u>		<u>\$1,797,621.10</u>

Exhibits.
 P-203.
 Balance
 Sheets of
 the Incorporated
 Company
 as at March
 22nd, 1928,
 and Sept-
 ember 30th,
 1929, and
 Summary of
 intervening
 transactions
 (prepared
 by Geo. C
 McDonald,
 C.A.),
 March 1928
 to Sept-
 ember 1929
 —continued.

PLAINTIFFS' EXHIBIT P-203—5
 SIR MORTIMER DAVIS INCORPORATED
 RECAPITULATION OF CAPITAL CASH TRANSACTIONS 31ST

MARCH, 1928, TO 20TH SEPTEMBER, 1929

RECEIPTS

Assets Sold.....	870,558.00
Loans.....	106,262.55
Insurance.....	55,000.00
Cash.....	204,322.78
Liabilities—Bank Overdraft.....	205,825.06
Sundries.....	3,144.48
	<hr/>
	1,445,112.87

DEFICIT OF CAPITAL CASH borrowed from

Revenue Cash as follows:—	
The Davis Trust—Interest accrued on Notes and interest thereon.....	117,408.66
Accounts Payable.....	1,291.64
	<hr/>
	118,700.30

Less—Accrued Interest on Loans advanced to Revenue Cash.....	2,385.26
	<hr/>
Excess Revenue.....	116,315.04
	<hr/>
	961,951.66
	<hr/>
	\$2,523,379.57

DISBURSEMENTS

Investments.....	825,731.62
Loans.....	125,771.16
Call Loans.....	26,029.48
Accounts Payable.....	47,018.51
Liabilities.....	547,871.54
Assets—Accounts Receivable—	
Estate Sir Mortimer B. Davis.....	941,649.32
Sundry.....	1,632.26
	<hr/>
Sundries.....	943,281.58
	<hr/>
	7,675.68

\$2,523,379.57

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Exhibits.

P-204.

Consolidated
Summary of
the Estate
and Incorporated
Company
(eliminating
the minority
interest) as
prepared
by Geo. C.
McDonald,
C.A.,
March 1928
to Sept-
ember 1929.

Exhibits.

—
P-204.
Consoli-
dated
Summary of
the Estate
and Incor-
porated
Company
(eliminating
the minority
interest) as
prepared
by Geo. C.
McDonald,
C.A.,
March 1928
to Sept-
ember 1929
—*continued.*

PLAINTIFFS' EXHIBIT P-204—2
ESTATE SIR MORTIMER DAVIS, INCORPORATED

	Balance Sheet 22nd and 31st March, 1928		Revenue and Expenditure Account		Profit and Loss		Capital Cash		Balance Sheet 30th September, 1929	
	Assets	Liabilities	Expenditure	Revenue	Loss	Profit	Receipts	Disbursement	Assets	Liabilities
Brought forward.....	\$19,475,098.40	\$7,366,660.52	\$488,531.01	\$1,866,958.95	\$48,086.14	\$749,897.60	\$2,661,348.93	\$3,548,911.38	18,687,245.42	\$5,691,245.09
Legacies and Bequests.....		428,723.48						23,723.48		405,000.00
Succession Duties and Expenses in connection therewith.....		1,392,158.08		21.99				92,158.08		1,300,000.00
Succession Duties and Expenses in connection therewith, Accrued Interest.....				77,436.67						77,436.67
Amounts due to Shareholders in respect of purchases of Capital Stock and interest thereon (H. M. Marler and H. B. MacLean in Trust).....		199,515.55						199,515.55		
Interest on \$196,500, 6% Serial Notes of Sir M. Davis, Inc., held in Trust by H. M. Marler and H. B. MacLean.....				12,643.23						
Insurance Agency.....				59.27						
Directors' Fees.....				2,494.99						
Sundries.....				58.90						
Annuities Paid.....			273,688.88							
Rent of Villa "Les Glaieuls".....			578.20							
Taxes and Upkeep Expenses in France.....			17,790.03							
Other Expenses in France.....			4,784.91							
Automobile Expenses—(Montreal).....			322.72							
Legal Expenses re Trust Donations, etc.....			1,065.25							
Trustees' Fees Accrued.....			22,869.84							
Interest on Income and Real Estate Taxes Paid.....			871.27							
General Office Expenses.....			694.48							
General and Administrative Expenses—Incorporated Company.....			108,750.72							
Alberta Coal Properties Expenses.....			13,080.71							
Alberta Oil Fields Leases and Expenses.....			36,861.76							
Canadian Exploration Syndicate Expenses.....			6,739.88							
Sudbury Mines Expenses.....			392.88							
Interest on Loans other than Bank Loans.....			20,408.28							
Stutz Car transferred by M. B. Davis and sold.....						2,200.00				
Estate S. Davis.....						149.61				
Expenses re Succession Duties in England.....					179.04					
Excess Revenue for Period.....			498,040.86							
Net Capital Profit.....					703,982.03					
Twenty Year 6% Serial Notes Outstanding.....										
MINORITY INTEREST:										
Capital Stock.....									3,436,500.00	
Capital Surplus.....									45,000.00	492,500.00
Surplus—Share of Excess Revenue for period.....									31,500.00	409,249.01
CAPITAL SURPLUS—Estate.....									65,619.29	94,762.23
Incorporated Company.....									415,861.35	5,323,049.70
SURPLUS—Share of Excess Revenue for Period.....									590,313.29	590,313.29
									867,199.43	867,199.43
	\$19,475,098.40	19,475,098.40	1,882,215.34	1,882,215.34	752,247.21	752,247.21	4,356,669.84	4,356,669.84	18,687,245.42	18,687,245.42

Of this amount that portion accruing on 2,375 shares from 1st October, 1928 to 17th September 1929, belongs to the Estate.

Exhibits.

P-204.

Consolidated
Summary of
the Estate
and Incorporated
Company
(eliminating
the minority
interest) as
prepared
by Geo. C.
McDonald,
C.A.,
March 1928
to Sept-
ember 1929
—continued.

PLAINTIFFS' EXHIBIT P-204—3

DETAILS OF EXCESS REVENUE AND NET CAPITAL PROFIT
AS SHOWN ON CONSOLIDATED SUMMARY OF ACCOUNTS

NET REVENUE

Excess Revenue of Incorporated Company for Period.....	\$ 961,951.66
DEDUCT—Excess Expenditure of Estate for Period.....	463,910.80
EXCESS REVENUE PER CONSOLIDATED STATEMENT.....	<u>\$498,040.86</u>

NET CAPITAL PROFIT

Net Capital Profit of Incorporated Company for Period.....	665,233.48
Net Capital Profit of Estate for Period.....	38,748.55
NET CAPITAL PROFIT PER CONSOLIDATED STATEMENT.....	<u><u>\$703,982.03</u></u>

PLAINTIFFS' EXHIBIT P-204—4

RECONCILIATION OF SURPLUS ACCOUNTS AS SHOWN ON
CONSOLIDATED SUMMARY OF ACCOUNTS

ESTATE CAPITAL SURPLUS

Balance as per Estate Statement 22nd March, 1928.....	5,748,211.95
DEDUCT Amount Eliminated when adjusting investment in Incorporated Company.....	9,300.90
BALANCE PER CONSOLIDATED STATEMENT—22nd March, 1928.....	<u>\$5,738,911.05</u>
Balance—22nd March, 1928.....	5,748,211.95
DEDUCT—Excess Expenditure less Profit for Period.....	424,983.21
	5,323,228.74
Expenses re Succession Duties in England.....	179.04
Balance—30th September, 1929, per Estate and Consolidated Statements.....	<u>\$5,323,049.70</u>

INCORPORATED COMPANY

CAPITAL SURPLUS

Balance per Incorporated Statement 22nd March, 1928.....	\$3,489,578.82
DEDUCT—Minority Interest (5375).....	375,129.72
	3,114,449.10
(50000).....	3,114,449.10
Eliminated when adjusting Estate's investment in the Incorporated Company.....	3,114,449.10
BALANCE PER CONSOLIDATED STATEMENT—22nd March, 1928.....	<u>NIL</u>
Balance 22nd March, 1928, per Incorporated Statement.....	3,489,578.82
ADD—Net Capital Profit.....	665,233.48
Balance—30th September, 1929, per Incorporated Statement.....	4,154,812.30
DEDUCT—Minority Interest.....	409,249.01
	3,745,563.29
Amount Eliminated when adjusting Estate's investment in the Incorporated Company.....	3,155,250.00
BALANCE—30TH SEPTEMBER, 1929, PER CONSOLIDATED STATEMENT..	<u>\$ 590,313.29</u>

EARNED SURPLUS

Excess Revenue for Period.....	961,951.66
DEDUCT—Minority Interest.....	Ø94,752.23
Balance per Consolidated Statement, 30th September, 1929.....	<u>\$ 867,199.43</u>

ØOf this amount that portion accruing on 2,375 shares from 1st October, 1928, to 17th September, 1929, belongs to the Estate.

Exhibits.
P-204.
Consolidated
Summary of
the Estate
and Incorporated
Company
(eliminating
the minority
interest) as
prepared
by Geo. C.
McDonald,
C.A.,
March 1928
to September 1929
—continued.

PLAINTIFFS' EXHIBIT P-204—5

RECAPITULATION OF REVENUE CASH TRANSACTIONS AS SHOWN ON THE CONSOLIDATED SUMMARY OF ACCOUNTS OF THE ESTATE LATE SIR MORTIMER B. DAVIS

22ND MARCH, 1928, TO 30TH SEPTEMBER, 1929

RECEIPTS

Dividends and Bond Interest	\$1,738,835.07
Interest on Loans	13,090.66
Interest on Accounts Receivable	58.99
Interest on Call Loans	77,076.21
Interest on \$196,500 6% Serial Notes Held in Trust	12,643.23
Income from Life Insurance	2,400.00
Directors' Fees	2,494.99
Insurance Agency	59.27
Sundries	58.90

DISBURSEMENTS

Interest on Bank Loans	\$ 276,601.67
Interest on Accounts Payable	37,120.10
Interest on Contracts and Donations	\$137,352.09
Less—Accrued	125,702.77
Interest on Twenty Year 6% Serial Notes	309,285.00
Less—Accrued	282,040.81
Interest on Loans other than Bank Loans	27,244.19
Interest on Income and Real Estate Taxes	20,408.28
Annuities Paid	871.27
Succession Duty Expenses	273,688.88
Property Expenses (Net)	21.99
Taxes, Upkeep, Rent—French Villas	36,216.93
Other Expenses in France	18,368.23
Automobile Expenses	4,784.91
Legal Expenses	322.72
Trustees' Fees	1,065.25
General and Administration Expenses	22,869.84
Alberta Coal Properties Expenses	109,445.20
Alberta Oil Fields Leases and Expenses	13,080.71
Canadian Exploration Syndicate Expenses	36,861.76
Sudbury Mines Expenses	6,739.88
	392.88

897,754.01

EXCESS OF REVENUE CASH lent to Capital Cash as follows:—

Accrued Interest on Succession Duties	77,436.67
Accrued Interest on Contracts and Donations	125,702.77
Accrued Interest on Serial Notes	282,040.81
	485,180.25

Less—Accrued Interest on Loans

Advanced from Capital Cash	2,385.26
Accrued Interest on Bonds Advanced from Capital Cash	31,872.54
	34,257.80

Excess Revenue	450,922.45
	498,040.86

\$1,846,717.32

948,963.31

\$1,846,717.32

Exhibits.
P.204.
Consolidated Summary of the Estate and Incorporated Company (eliminating the minority interest) as prepared by Geo. C. McDonald, C.A., March 1928 to September 1929
—continued.

Exhibits.
P-204.
Consolidated
Summary of
the Estate
and Incorporated
Company
(eliminating
the minority
interest) as
prepared
by Geo. C.
McDonald,
C.A.,
March 1928
to Sept-
ember 1929
—continued.

PLAINTIFFS' EXHIBIT P-204—6

RECAPITULATION OF CAPITAL CASH TRANSACTIONS AS SHOWN ON THE CONSOLIDATED SUMMARY OF ACCOUNTS
OF THE ESTATE LATE SIS MORTIMER B. DAVIS

22ND MARCH 1928 TO 30TH SEPTEMBER, 1929

	RECEIPTS		DISBURSEMENTS	
Assets Sold		Investments		831,022.87
Loans		Loans	128,156.42	
Insurance		Less—Accrued	<u>2,385.26</u>	125,771.16
Sundry Bequests, etc		Call Loans		26,029.48
Cash Accounts	2,132,587.88	Bank Overdrafts		127,151.88
Liabilities—Bank Overdraft	106,262.55	Accounts Payable		1,848,833.10
Accounts Receivable	55,000.00	Bequests and Legacies		23,723.48
Sundries	18,667.50	Liabilities		840,208.66
	233,752.09	Assets—Accounts Receivable		19,420.63
	420,825.06	Sundries		8,425.37
	1,729.32	Capital Stock—Minority Interest at Par	45,000.00	
	<u>9,298.92</u>	Additional \$70. per share	<u>31,500.00</u>	
	2,978,123.32			
Deficit of Capital Cash borrowed from Revenue Cash as follows:—				
Accrued Interest on Succession Duties	77,436.67			
Accrued Interest on Contracts and Donations	125,702.77			
Accrued Interest on Serial Notes	282,040.81			
	<u>485,180.25</u>			
Less—Accrued Interest on Loans advanced to Revenue Cash	2,385.26			
Less—Accrued Interest on Bonds advanced to Revenue Cash	31,872.54			
	<u>34,257.80</u>			
	450,922.45			
Excess Revenue	498,040.86			
	948,963.31			
	<u>\$3,927,086.63</u>			

PLAINTIFFS' EXHIBIT P-206—1

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

VALUATION OF INVESTMENTS
(Exclusive of Properties)

Exhibits.

P-206.
Memoranda
of Values of
Investments
of the Estate
(prepared
by Geo. C.
McDonald,
C.A.),
March 1928
to February
1930.

Setting aside the shares and serial notes of Sir Mortimer Davis Inc., the Book Value and Market Value of the remaining investments in stocks and shares as at 22nd March, 1928, seems to have been the same—roughly.....	\$2,370,000.00
The above figure included the following which were disposed of in the course of the next few months:—	
Victor Talking Machine.....	\$510,000.00
Tobacco Products Co.....	555,000.00
Mount Bruno Country Club.....	1,500.00
	<hr/>
	\$1,066,500.00
Leaving for purposes of comparison with investments still on hand at 30th September, 1929.....	\$1,303,500.00
Apparent Market Value of these investments at 30th September, 1929.....	\$1,014,550.00
Apparent Market Value of these investments at 28th February, 1930.....	1,198,636.00
Drop due mainly to:—	
Fluctuation in value of Liggett Myers Srock	
Loss in value of Wolfe Advertising Co. N.Y. Pfd.	
“ “ “ “ United Cigar Stores Scrip “A”	

PLAINTIFFS' EXHIBIT P-206—2

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

BOOK VALUE OF INVESTMENTS AS AT 22ND MARCH, 1928

EXCLUSIVE OF SHARES AND NOTES OF SIR MORTIMER DAVIS
INCORPORATED

PROPERTIES:—

516 Pine Avenue West.....	\$ 170,000.00
do Contents.....	13,347.00
Ste. Agathe des Monts.....	63,350.00
do	4,257.00
Mount Royal Cemetery, Lot No. 6.....	4,320.00
North Cobalt Lot.....	1.00
Racing Stable—France.....	118,200.00
Furniture, etc.—Cannes.....	14,070.00
Mount Royal Club 4½% Bonds.....	1,000.00
Robt. McNish Debentures \$360.00.....	324.00
	<hr/>
	388,869.00

Exhibits. — P-206. Memoranda of Values of Investments of the Estate (prepared by Geo. C. McDonald, C.A.), March 1928 to February 1930— <i>con- tinued.</i>	Stocks:— 3,300 Liggett Meyers Tobacco Co. Com. } 6,520 do "B" } \$1,060,560.00 5,000 Tobacco Products Co. Com. 555,000.00 6,000 Victor Talking Machine " 510,000.00 750 Wolfe Advertising Co. 7% Pfd. 74,960.94 167 Royal Bank of Canada Com. 59,452.00 1,000 United Cigar Stores Products Script "A" 25,000.00 1,000 South American Platinum Corpn. Com. 3,000.00 72 Canadian Industrial Alcohol Co. " 2,952.00 9 do "B" 351.00 8 Forest and Stream Club 5% Perm. 800.00 15 Mount Bruno Country Club 1,500.00 25 Elm Ridge Country Club par \$100 1,250.00 10 Prudential Trust 7% Pfd. 500.00 2,000 Toronto Bond Exchange 1.00 200 Ryan Consolidated Petroleum Corpn. n.p.v. 1,000.00 41 Mansfield Theatres Com. 1,025.00 10 Montreal Jockey Club 250.00 2 Travellers Club—Paris 1.00 10 Laurentian Golf & Country Club 1.00 375,000 Crescent Lorraine Silver Mining Co. 1.00 872,749 Shamrock Silver Co. Ltd. 1.00 13 North American Cobalt Ref. Co. Ltd. 1.00 20,000 Davis Silver Cobalt Mines Ltd 1.00 833 Apex Porcupine Mines Limited 16.66 18,192 Cable Silver Cobalt Mines 1.00 1,850 Societe Daviso—1,000 fr. at 3.92 72,520.00	2,370,145.60 <hr/> \$2,759,014.60
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PLAINTIFFS' EXHIBIT P-206—3

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

COMPARISON OF MARKET VALUES AS OF 30TH SEPTEMBER, 1929,
 AND 28TH FEBRUARY, 1930, WITH BOOK VALUES AS OF
 22ND MARCH, 1928

EXCLUSIVE OF SHARES AND NOTES OF SIR MORTIMER DAVIS
 INCORPORATED

	Book Value 22nd March 1928	Market Value	
		30th September 1929	28th February, 1930
Book Value.....	2,759,014.60		
Market Values—adjusted for com- parison as per statement.....		\$2,486,053.40	\$2,670,696.00
Depreciation from original Book Value.....		272,961.20	88,318.00
	<hr/>	<hr/>	<hr/>
	\$2,759,014.60	\$2,759,014.60	\$2,759,014.60
	<hr/>	<hr/>	<hr/>

Exhibits.

P-206.
Memoranda
of Values of
Investments
of the Estate
(prepared
by Geo. C.
McDonald,
C.A.),
March 1928
to February
1930—con-
tinued.

PLANTIFFS' EXHIBIT P-206—4

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

COMPARISON OF MARKET VALUE OF INVESTMENTS AS AT 22ND MARCH, 1928, 30TH SEPTEMBER, 1929, AND 28TH FEBRUARY, 1930, EXCLUSIVE OF SHARES AND NOTES OF SIR MORTIMER DAVIS INCORPORATED

	22nd March 1928	30th September 1929	28th February 1930
MARKET VALUE OF INVESTMENTS PER STATEMENT.....	2,783,244.73	\$1,307,802.40	\$1,491,838.00
ADJUSTMENTS FOR COMPARISON:			
DEDUCT—SECURITIES PURCHASED:—			
27 Royal Bank of Canada.....		9,450.00	8,343.00
		1,298,352.40	1,483,495.00
ADD—SECURITIES SOLD:—			
5,000 Tobacco Products Co.....		555,000.00	555,000.00
6,000 Victor Talking Machine.....		510,000.00	510,000.00
590 United Cigar Stores Products Script "A".....		2,000.00	1,500.00
15 Mount Bruno Country Club \$100 par.....		1,500.00	1,500.00
10 Mount Royal Club 4½% Bonds.....		1,000.00	1,000.00
		1,069,500.00	1,069,000.00
		2,367,852.40	2,552,495.00
ADD—PROPERTY SOLD:—			
Mount Royal Cemetery Lot No. 6.....	1.00	1.00	1.00
Racing Stable, France.....	118,200.00	118,201.00	118,201.00
		2,486,053.49	2,670,696.00
		297,191.33	112,548.73
Depreciation in Value.....		\$2,783,244.73	\$2,783,244.73
		<u>\$2,783,244.73</u>	<u>\$2,783,244.73</u>

Exhibits.

P-206.
Memoranda
of Values of
Investments
of the Estate
(prepared
by Geo. C.
McDonald,
C.A.),
March 1928
to February
1930—con-
tinued.

PLAINTIFFS' EXHIBIT P-206—5

ESTATE OF THE LATE SIR MORTIMER B. DAVIS

COMPARATIVE STATEMENT OF MARKET VALUE OF PRINCIPAL HOLDINGS AT CERTAIN DATES

EXCLUSIVE OF SHARES AND NOTES OF SIR MORTIMER DAVIS INCORPORATED

ASSETS	22nd March, 1928			30th September, 1929			28th February, 1930		
	No. of Shares	Price	Value	No. of Shares	Price	Value	No. of Shares	Price	Value
516 Pine Avenue West.....			\$198,300.00			\$198,300.00			\$198,300.00
do Contents.....			13,347.00			12,972.00			12,972.00
Ste. Agathe des Monts.....			63,350.00			63,350.00			63,350.00
do Contents.....			4,257.00			4,257.00			4,257.00
North Cobalt—Lot.....			1.00			1.00			1.00
Mount Royal Cemetery—Lot No. 6.....			1.00			1.00			1.00
Racing Stable, France.....			118,200.00			118,200.00			118,200.00
Furniture, etc.—Cannes.....			14,070.00			14,070.00			14,070.00
Mount Royal Club 4½% Bonds \$100.00 each.....			1,000.00			1,000.00			1,000.00
Robert McNish & Co. Ltd. 6% Deb. \$360.00.....		4.65	334.80	72	4.20	302.40	72	3.50	252.00
			\$412,860.80			\$293,252.40			\$293,202.00
Stocks:									
Liggett & Myers Tobacco Co., Common.....	3,300		1,060,560.00	3,300	88	290,400.00	3,300	107	353,100.00
do "B".....	6,520			6,520	88	573,760.00	6,520	108	704,160.00
Tobacco Products Co.....	111		555,000.00						
Victor Tackling Machine.....	85		510,000.00						
Wolf Advertising Co. N.Y. 7% Pfd. \$100.00 par.....	750	99.948	74,950.94	750	350	67,900.00	750	309	59,946.00
Royal Bank of Canada \$100. par value.....	167	25	59,432.00	194	4	2,000.00	500	3	1,500.00
United Cigar Stores Products Scrip "A".....	1,000	3	3,000.00	1,000	1½	1,875.00	1,000	2	2,000.00
South American Platinum Corpn.....	1,000	3	3,000.00	1,000	1½	1,875.00	1,000	2	2,000.00
Can. Industrial Alcohol Ltd., Common.....	72	41	2,952.00	72	18	1,296.00	72	8	576.00
do "B".....	9	39	351.00	9	15	135.00	9	7	63.00
Forest & Stream Club 5% Perm.....	8	100	800.00	8 par 100		800.00	8	100	800.00
Mt. Bruno Country Club \$100.00 par.....	15	100	1,500.00						
Elm Ridge Country Club \$100.00 par.....	25	50	1,250.00	25	50	1,250.00	25	50	1,250.00
Prudential Trust Co. 7% Pfd.....	10	50	500.00	10	1	1.00	10	1	1.00
Toronto Bond Exchange \$10.00 par.....	2,000	1	1.00	2,000	1	1.00	2,000	1	1.00
Ryan Cons. Petroleum Corpn.—no par value.....	200	5	1,000.00	200	5½	1,100.00	200	½	100.00
Mansfield Theatre Co. Ltd. \$100.00 par.....	41	25	1,025.00	41	25	1,025.00	41	52	2,132.00
Montreal Jockey Club \$100.00 par.....	10	25	250.00	10	25	250.00	10	25	250.00
Travellers Club, Paris.....	2		1.00	2		1.00	2		1.00
Laurentian Golf and Country Club \$100.00 par.....	10		1.00	10		1.00	10		1.00
Crescent Lorraine Silver Mining Co. Ltd. \$1.00 par.....	375,000		1.00	375,000		1.00	375,000		1.00
Shamrock Silver Co. Ltd. \$1.00 par value.....	872,749		1.00	872,749		1.00	872,749		1.00
North Amer. Cobalt Ref. Co. Ltd. \$100.00 par.....	13		1.00	13		1.00	13		1.00
Davis Silver Cobalt Mines Ltd. \$1.00 par.....	20,000		1.00	20,000		1.00	20,000		1.00
Apex Porcupine Mines Limited.....	833	3	24.99	833		1.00	833		1.00
Cable Silver Cobalt Mines.....	18,192		1.00	18,192		1.00	18,192		1.00
Societe Daviso—1,000 franc par value.....	1,850 Fr. 1,000		72,750.00	1,850		72,750.00	1,850		72,750.00
			\$2,370,383.93			\$1,014,550.00			\$1,198,636.00
GRAND TOTAL.....			\$2,783,244.73			\$1,307,802.40			\$1,491,838.00

PLAINTIFFS' EXHIBIT P-205—1

SIR MORTIMER DAVIS, INCORPORATED

Exhibits.
P-205.
 Memoranda
 of Values of
 Investments
 of the In-
 corporated
 Company
 (prepared
 by Geo. C.
 McDonald,
 C.A.),
 March 1928
 to February
 1930.

COMPARISON OF MARKET VALUES AS AT 30TH SEPTEMBER, 1929
 AND 27TH FEBRUARY, 1930, WITH BOOK VALUES AS OF 31ST
 MARCH, 1928

	Book Value 31st March, 1928	Market Value	
		30th September, 1929	28th February, 1930
Book Value—per Statement.....	\$14,715,575.45		
Market Values adjusted for com- parison—as per statement.....		12,629,577.20	6,663,508.00
Depreciation from original Book Value.....		2,085,998.25	8,052,067.45
	<u>\$14,715,575.45</u>	<u>\$14,715,575.45</u>	<u>\$14,715,575.45</u>

COMPARISON OF MARKET VALUES

	31st March 1928	30th September, 1929	28th February, 1930
Market Value as per Statement...	\$26,297,270.62		
“ “ after adjusting pur- chases and Sales.....		\$12,629,577.20	\$ 6,663,508.00
Decrease in Value due to Market Fluctuation.....		13,667,693.42	19,633,762.62
	<u>\$26,297,270.62</u>	<u>\$26,297,270.62</u>	<u>\$26,297,270.62</u>

Drop due mainly to—

- Asbestos Corporation
- Canadian Industrial Alcohol
- Consolidated Asbestos
- Union Cigar Company
- Union Tobacco Company
- Robt. McNish Co. Debentures.

PLAINTIFFS' EXHIBIT P-205—2

SIR MORTIMER DAVIS, INCORPORATED

STATEMENT SHOWING BOOK VALUE OF INVESTMENTS AS AT
31st MARCH, 1928

Exhibits.			
	5,000	Asbestos Corporation Ltd	Com..... 106,071.88
P-205.	5,000	Anglo-Scottish Amalgamated	" 23,630.13
Memoranda	496,340	Canadian Industrial Alcohol Co.	" 9,926,800.00
of Values of	61,980	do	Class "B"..... 1,238,600.00
Investments	37,185	Consolidated Asbestos Ltd.	Com..... 609,000.00
of the In-	200	Crown Trust Co.	" 23,000.00
corporated	5,000	Harbens Ltd.	Pfd. 24,333.33
Company	5,000	Imperial Tobacco Co. of Canada Ltd.	Com..... 31,187.20
(prepared	5,228	Mason Valley Mines	" 5,228.00
by Geo. C.	197	National Steel Car Corpn.	" 4,591.00
McDonald,	1,134	Royal Bank of Canada	" 227,401.53
C.A.),	10,900	Union Cigar Company	" 20,043.75
March 1928	10,000	Union Tobacco Company	" 249,765.63
to February	499,950	Crescent Lorraine Silver Mining Co.	" 1.00
1930—con-	9,000	Croesus Gold Mines	" 1.00
tinued.	635,302	Dominion Reduction Co.	" 1.00
	852	General Cigar Co. Ltd.	Pfd..... 1.00
	6,422	do	Com..... 1.00
	4,000	Trans-Canada Theatres	Pfd..... 1.00
	2,400	do	Com.....
	494,426	Robt. McNish & Co. Ltd.	Debentures..... 2,224,917.00
			<u>\$14,715,575.45</u>

Exhibits.
 —
 P-205.
 Memoranda
 of Values of
 Investments
 of the In-
 corporated
 Company
 (prepared
 by Geo. C.
 McDonald,
 C.A.),
 March 1928
 to February
 1930—con-
 tinued.

PLAINTIFFS' EXHIBIT P-205—3
SIR MORTIMER DAVIS, INCORPORATED

**COMPARISON OF MARKET VALUE OF INVESTMENTS AS AT 31st MARCH, 1928, 30th SEPTEMBER, 1929 AND
 28th FEBRUARY, 1930**

	31st March 1928	30th September, 1929	28th February, 1930
MARKET VALUE OF INVESTMENTS.....	\$26,297,270.62	\$13,312,647.20	\$ 7,385,066.00
ADJUSTMENTS FOR COMPARISON:			
DEDUCT—NEW INVESTMENTS:—			
Cadillac Coal Co. Ltd. Com.....		\$450,000.00	\$450,000.00
Investment Foundation Ltd. Units.....		97,500.00	97,500.00
do Dir. Com.....		45,000.00	45,000.00
Jennison & Co. Ltd. Pfd.....		50,000.00	50,000.00
do Com.....			
Cadillac Coal Co. 7% 1st Mort. Bonds.....		50,000.00	50,000.00
		12,620,147.20	6,692,566.00
DEDUCT—OTHER SECURITIES PURCHASED:—			
1,000 Imperial Tobacco Co. of Canada Ltd.....	10,000.00		10,000.00
33 National Steel Car Corpn.....	2,640.00		2,277.00
189 Royal Bank of Canada.....	66,150.00	78,790.00	58,401.00
		12,541,357.20	6,621,888.00
ADD—SECURITIES SOLD:—			
40 Canadian Industrial Alcohol Ltd. Com.....	720.00		320.00
do Class "B".....	87,500.00	88,220.00	41,300.00
		12,629,577.20	6,663,508.00
DECREASE IN VALUE DUE TO MARKET FLUCTUATION.....	13,667,693.42		19,633,762.62
	<u>\$26,297,270.62</u>	<u>\$26,297,270.62</u>	<u>\$2,629,270.62</u>

Exhibits.
P-205.
Memoranda
of Values of
Investments
of the In-
corporated
Company
(prepared
by Geo. C.
McDonald,
C.A.),
March 1928
to February
1930—con-
tinued.

PLAINTIFFS' EXHIBIT P-205—4

SIR MORTIMER DAVIS, INCORPORATED

COMPARATIVE STATEMENT OF MARKET VALUE OF INVESTMENTS AT CERTAIN DATES

ASSETS	31st March, 1928.			30th September, 1929			28th February, 1930		
	No. of Shares	Price	Value	No. of Shares	Price	Value	No. of Shares	Price	Value
Asbestos Corporation Ltd.	5,000	31½	156,250.00	5,000	4	20,000.00	5,000	2	10,000.00
Anglo-Scottish Amalgamated	5,000		23,630.13	5,000	£7/8	21,875.00	5,000	£4	18,750.00
Canadian Industrial Alcohol Co. Ltd.	496,340	41	20,349,940.00	496,300	18	8,933,400.00	496,300	8	3,970,400.00
do Class "B"	61,980	39	2,180,880.00	56,080	15	841,200.00	56,080	7	392,560.00
Cadillac Coal Co. Ltd.				90,000	50	450,000.00	90,000	50	450,000.00*
Consolidated Asbestos Ltd.	37,185	15½	581,015.63	37,185	2	74,370.00	37,185	1.00	37,185.00
Crown Trust Company	200	115	23,000.00	200	115	23,000.00	200	115	23,000.00
Harbens Limited	5,000		24,333.33	5,000	17 sh.	21,250.00	5,000	10 sh.	12,500.00
Imperial Tobacco Co. of Canada Ltd.	5,000	8.75	43,750.00	6,000	10	60,000.00	6,000	10	60,000.00
Investment Foundation Ltd.				1,500		97,500.00	1,500		97,500.00*
do Directors				3,000		45,000.00	3,000		45,000.00*
Jennison & Co. Ltd.				500		50,000.00	500		50,000.00*
do				500		50,000.00	500		50,000.00*
Mason Valley Mines	5,228		7,188.50	5,228	2	10,456.00	5,228	2	10,456.00
National Steel Car Corporation Ltd.	107		4,681.75	140	80	11,200.00	140	69	9,660.00
Royal Bank of Canada	1,134	356	403,704.00	1,323	350	463,050.00	1,323	309	408,807.00
Union Cigar Company	10,000		20,043.75	10,000	3	30,000.00	10,000	1½	1,250.00
Union Tobacco Company	10,000		249,765.63	10,000	3½	33,750.00	10,000	¾	7,500.00
Crescent-Lorraine Silver Mining Co.	499,950		1.00	499,950		1.00	499,950		1.00
Croesus Gold Mines Co.	9,000		1.00	9,000		1.00	9,000		1.00
Dominion Reduction Co.	635,302		1.00	635,302		1.00	635,302		1.00
General Cigars Co. Ltd.	852		1.00	852		1.00	852		1.00
do	6,422		1.00	6,422		1.00	6,422		1.00
Trans-Canada Theatres	4,000		1.00	4,000		1.00	4,000		1.00
do Bonus	2,400		1.00	2,400	2,400	1.00	2,400		1.00
Robt. McNish & Co. Ltd.—Debentures	449,426	4.65	2,229,080.90	494,426	4.20	2,076,569.20	494,426	3.50	1,730,491.00
Cadillac Coal Co. 7% 1st Mortgage Bonds				50,000		50,000.00	50,000		50,000.00*
			<u>\$26,297,270.62</u>			<u>\$13,312,647.20</u>			<u>\$7,385,066.00</u>

New Investments marked * (totalling \$692,500.) are shown at Book Value.

PLAINTIFFS' EXHIBIT P-207
 ESTATE LATE SIR MORTIMER B. DAVIS
 AND
 SIR MORTIMER DAVIS INCORPORATED

SUMMARY SHOWING APPROXIMATE POSITION IN REGARD TO ABILITY TO DISCHARGE
 OBLIGATIONS AT 8TH APRIL, 1930

Exhibits.
 —
 P-207.
 Summary showing approximate position of the Estate and Incorporated Company in respect to ability to discharge obligations (prepared by Geo. C. McDonald, C.A.), 8th April 1930.

ASSETS—		
Cash—approximately	\$	500,000.00
Marketable Securites valued at market prices of 28th February, 1930:		
Estate	\$	67,367.00
Incorporated Company		6,757,103.00
		6,824,470.00
Other Assets not readily realizable:		
Estate	\$	282,700.84
Incorporated Company		596,078.27
		878,779.11
There are also certain other investments that are not readily marketable.		
		\$8,203,249.11
LIABILITIES—		
Balance of Accounts Payable, Contracts and Donations, Be- quests and Legacies and Bank Loans shown in Statements at 30th September, 1929, and still undischarged at 8th April, 1930		\$5,333,032.56
Twenty Year 6% Serial Notes outstanding not in hands of Estate		3,436,500.00
		\$8,769,532.56

ESTATE LATE SIR MORTIMER B. DAVIS

MARKETABLE SECURITIES AVAILABLE FOR SALE AS AT 1ST APRIL, 1930

Schedule No. 1

	Market Value 28th Feb., 1930
200 Ryan Cons. Petroleum	\$ 100.00
10 Montreal Jockey Club	250.00
194 Royal Bank of Canada	59,946.00
1,000 South American Platinum Co.	2,000.00
500 United Cigar Stores Scrip "A"	1,500.00
72 Canadian Industrial Alcohol "A"	576.00
9 Canadian Industrial Alcohol "B"	63.00
8 Forest and Stream Club	800.00
41 Mansfield Theatre Co. Ltd.	2,132.00
	\$ 67,367.00

OTHER ASSETS NOT READILY REALIZABLE

Schedule No. 2

Properties	\$ 250,579.00
\$360 Robt. McNish Debentures—Market Value 28th Feb., 1930...	252.00
Interest accrued on Trust Donations	31,869.84
	\$ 282,700.84

Exhibits.

P-207.

Summary showing approximate position of the Estate and Incorporated Company in respect of ability to discharge obligations (prepared by Geo. C. McDonald, C.A.), 8th April 1930—continued.

INVESTMENTS NOT READILY MARKETABLE

Schedule No. 3

750 Wolf Advertising Co. N.Y. 7% Pfd.	\$ 74,960.94
25 Elm Ridge Country Club	1,250.00
10 Prudential Trust Co. 7% Pfd.	500.00
2,000 Toronto Bond Exchange \$10 par	1.00
2 Travellers Club, Paris	1.00
10 Laurentian Golf and Country Club	1.00
375,000 Crescent Lorraine Silver Mining Co. Ltd., \$1.00 par.....	1.00
872,749 Shamrock Silver Co. Ltd., \$1.00 par	1.00
13 North American Cobalt Refining Co. Ltd.	1.00
20,000 Davis Silver Cobalt Mines Ltd., \$1.00 par	1.00
833 Apex Porcupine Mines Limited	16.66
18,192 Cable Silver Cobalt Mines	1.00
1,850 Societe Daviso (par value 1,000 francs)	72,520.00
	\$ 149,255.60

P-207.
Summary
showing
approximate
position of the
Estate and
Incorporated
Company
in respect of
ability to
discharge
obligations
(prepared
by Geo. C.
McDonald,
C.A.),
8th April
1930—*con-
tinued.*

SIR MORTIMER DAVIS INCORPORATED

MARKETABLE SECURITIES AVAILABLE FOR SALE AS AT 1ST APRIL, 1930

		Schedule No. 4	
		Market Value 28th Feb., 1930	
5,000 shares	Asbestos Corpn. Com.	2	\$10,000.00
5,000 shares	Anglo Scottish	£ $\frac{3}{4}$	18,750.00
496,300 shares	Canadian Industrial Alcohol "A"	8	3,970,400.00
56,080 shares	Canadian Industrial Alcohol "B"	7	392,560.00
37,185 shares	Consolidated Asbestos Co. Ltd.	1	37,185.00
200 shares	Crown Trust Company	115	23,000.00
5,000 shares	Harbens Ltd. Pfd.	10 sh.	12,500.00
6,000 shares	Imperial Tobacco Co. of Can. Ltd.	10	60,000.00
140 shares	National Steel Car Corporation	69	9,660.00
1,323 shares	Royal Bank of Canada	309	408,807.00
10,000 shares	Union Cigar Co.	$\frac{1}{8}$	1,250.00
10,000 shares	Union Tobacco Co.	$\frac{3}{4}$	7,500.00
1,500 units	Investment Foundation	50	75,000.00
494,426 units	Robt. McNish Debentures	3.50	1,730,491.00
			<u>\$6,757,103.00</u>

OTHER ASSETS NOT READILY REALIZABLE

		Schedule No. 5	
Properties		\$	156,121.56
Loans—			
Dominion Reduction Co.	\$300.00.00		
Sundry	20,598.84		
Cadillac Coal Co.	111,035.81		
			<u>431,634.65</u>
Office Furniture			2,822.70
Sundry Accounts Receivable			5,499.36
			<u>\$ 596,078.27</u>

INVESTMENTS NOT READILY MARKETABLE

		Schedule No. 6	
		Book Value	
90,000 shares	Cadillac Coal Co. Ltd. Com.	\$	450,000.00
3,000 shares	Investment Foundation Ltd. Dirs.' Com.		45,000.00
500 shares	Jennison & Co. Ltd. Pfd. }		50,000.00
500 shares	Jennison & Co. Ltd. Com. }		
499,950 shares	Crescent-Lorraine Silver Mining Co. Com.		1.00
9,000 shares	Croesus Gold Mines Com.		1.00
635,302 shares	Dominion Reduction Co. Com.		1.00
852 shares	General Cigars Co. Ltd. Pfd.		1.00
6,422 shares	General Cigars Co. Ltd. Com.		1.00
4,000 shares	Trans-Canada Theatres Pfd.		1.00
2,400 shares	Trans-Canada Theatres Com. ....		....
\$50,000	Cadillac Coal Co. 7% 1st Mortgage Bonds		50,000.00
			<u>\$ 595,006.00</u>

ESTATE LATE SIR MORTIMER B. DAVIS

AND

SIR MORTIMER DAVIS INCORPORATED

Exhibits.

P-207.
Summary showing approximate position of the Estate and Incorporated Company in respect of ability to discharge obligations (prepared by Geo. C. McDonald, C.A.), 8th April 1930—continued.

LIABILITIES AS AT 30TH SEPTEMBER, 1929, REMAINING UNPAID 8TH APRIL, 1930

ESTATE—

Accounts Payable	\$ 74,714.02	
Contracts and Donations	1,500,000.00	
Legacies and Bequests	405,000.00	
Succession Duties	600,000.00	
Succession Interest	77,436.67	
		<u>\$2,657,150.69</u>
Accrued Interest on Contracts and Donations.....		125,702.77
		<u>\$2,782,853.46</u>

INCORPORATED COY.—

Trust Deposit	\$ 25,000.00	
Interest on Serial Notes	283,030.90	
		<u>\$ 308,030.90</u>
Bank Loan		2,242,148.20
		<u>\$5,333,032.56</u>

Subject to accrual on 8th April, 1930:

Interest on Succession Duty
Interest on Contracts and Donations
Interest on Serial Notes

Exhibit Group No. 5: Re Call of Loans by Canadian Bank
of Commerce

PLAINTIFFS' EXHIBIT P-129

Exhibits.

P-129.

Letter
to Lord
Shaugh-
nessy from
Canadian
Bank of
Commerce,
Montreal,
21st March
1930.

MONTREAL, 21st March, 1930.

10 Rt. Hon. Lord Shaughnessy, K.C.
President,
Sir Mortimer Davis, Incorporated,
Montreal.

Dear Sir,

20 Having regard to the uncertainty which has arisen recently
as to the value of the securities held by this Bank for its advances
to your Company, the Bank has to-day demanded payment
of its loans. In view of the disquieting effect of the litigation
which is now pending and of the uncertainty with regard to the
proposed legislation at Ottawa relating to the export business of
distilleries and of the various claims of the Dominion Government
made against distillers and, as we understand it, made against
Canadian Industrial Alcohol Company Limited, the Bank has been
reviewing its position.

30 The securities held by the Bank for the loans made to your
Company consist of 160,000 ordinary (Class A) shares of Industrial
Alcohol, part of the 496,300 of the said shares owned by your Com-
pany and which constitute approximately 51% of the total issued
shares of this class. In addition the Bank holds as security \$2,504,-
085 par value of 6% Debenture Stock of Robert McNish & Company
Limited, the principal and interest of which are guaranteed by In-
dustrial Alcohol. However, after reviewing the situation thoroughly
and considering the possibilities that may result by reason of the liti-
gation that is now in progress, the Bank feels that the securities held
may depreciate still further to a point where they may prove inade-
quate protection for the Bank's loans. In order to place before you
clearly the exact position it is necessary to deal with the Bank's
relationship with Consolidated Distilleries Limited and Industrial
40 Alcohol, in both of which Companies your Company is largely
interested.

Consolidated Distilleries is indebted to the Bank in the sum of
\$2,500,000 and interest, both principal and interest being uncondi-
tionally guaranteed by Industrial Alcohol. Having reviewed the
security for this indebtedness the Bank on the 18th day of March
1930 notified the President of Consolidated Distilleries that it would
not be prepared to renew the two notes which fall due on the 8th of

April next amounting to \$2,000,000 and interest or to consider the making of any further advances unless security to the satisfaction of the Bank should be furnished. Industrial Alcohol as guarantor was duly notified of this communication.

10 In your capacity as President of Industrial Alcohol you have advised us that Industrial Alcohol will require a loan of \$500,000 at the end of this month to meet sales taxes due to the Dominion Government under the Supplementary War Revenue Act and that in addition thereto Industrial Alcohol will require to borrow from the Bank approximately \$300,000 to enable it to meet the expenses of completing its manufacturing programme. These sums are apart from the \$429,000 payable to the Government in February next.

20 In addition to the foregoing it is understood that the Dominion Government has also made claim against Industrial Alcohol in respect of export bonds issued pursuant to the provisions of the Excise Act. It is our understanding that the amount of this claim is approximately \$1,000,000 though as against this you may have recourse against certain parties and may also be able to make adjustments.

30 In view of the fact that all of the issued capital stock of Consolidated Distilleries is said to be owned by Industrial Alcohol and that over 51% of the Class "A" stock of the latter Company is owned by Sir Mortimer Davis, Incorporated, it is obvious that your Company is interested in the whole situation disclosed above as well as in connection with its own indebtedness to the Bank. The Bank is not desirous of embarrassing any of these Companies with which it has business relations, nor does it desire in any way to interfere with the parties to the litigation as obviously its position in this respect must be that of an impartial observer. The result, however, of the litigation and of the other circumstances referred to above, has been to change materially in a very short time the situation of all concerned and does not justify the Bank in taking any risks in the matter.

40 We think that you and all others concerned must agree with us that the present litigation constitutes a grave menace not only to the parties to the litigation, but also to Sir Mortimer Davis, Incorporated and Industrial Alcohol and its various subsidiaries, as well as to all shareholders. This menace arises not only by reason of the possibilities that may result to the ultimate position of the Companies but also from the uncertainties which must continue until the final decision and which with the other circumstances referred to above have reduced by a serious amount the value of the securities.

In the event that satisfactory arrangements can be made to remove the menace of the present litigation and ensure to the satisfaction of the Bank that the operations of the various Companies can be continued without further hindrance, then the Bank will be pleased

Exhibits.

P-129.

Letter
to Lord
Shaughnessy from
Canadian
Bank of
Commerce,
Montreal,
21st March
1930—con-
tinued.

Exhibits.

P-129.

Letter
to Lord
Shaugh-
nessy from
Canadian
Bank of
Commerce,
Montreal,
21st March
1930—con-
tinued.

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to consider with your Company (Sir Mortimer Davis, Incorporated) and with the other Companies concerned the advisability of making new loans with which to enable the various Companies concerned to continue their business operations.

Yours faithfully,

P. C. STEVENSON,
Manager.

10

PLAINTIFFS' EXHIBIT P-130

20

Montreal, 21st March, 1930.

Sir Mortimer Davis, Incorporated,
Canada Cement Building,
Montreal.

P-130.

Letter to
Incor-
porated
Company
from Cana-
dian Bank
of Com-
merce,
Montreal,
calling loans
of \$984,325.97
and
\$2,259,330.40,
21st March
1930.

Dear Sirs:—

30 Demand is hereby made upon you for the immediate payment of the balance, including interest, of Nine hundred and eighty-four thousand, three hundred and twenty-five dollars and ninety-seven cents (\$984,325.97) now due on your demand note of One million, two hundred and fifty thousand dollars (\$1,250,000.) dated March 1st, 1928; and for the immediate payment of the balance, including interest, of Two million, two hundred and fifty-nine thousand, three hundred and thirty dollars and forty cents (\$2,259,330.40) now due on your demand note of Two million, three hundred and thirty-one thousand, four hundred and seventy-two dollars and fifty cents (\$2,331,472.50) dated November 15th, 1927—this last mentioned note is carried at our New York Agency under whose directions we
40 are making this demand.

Yours truly,

P. C. STEVENSON,
Manager.

Exhibits.

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P-131.
Letter to
Incor-
porated
Company
from Cana-
dian Bank
of Com-
merce,
Montreal, *re*
appropria-
tion by the
Bank of
\$984,325.97
from funds
at credit of
the Com-
pany,
21st March
1930.

PLAINTIFFS' EXHIBIT P-131

MONTREAL, 21st March, 1930.

Messrs. Sir Mortimer Davis Incorporated,
Canada Cement Building,
Montreal.

10 Dear Sirs,

In furtherance of our demand for payment to-day in person and by letter, we beg to advise having to-day charged against your account the balance of the first demand note and interest mentioned in the above-referred to letter, in all \$984,325.97 (Nine hundred and eighty-four thousand three hundred and twenty-five 97/100 dollars).

Yours faithfully,

P. C. STEVENSON,
Manager.

20

PLAINTIFFS' EXHIBIT P-132

P-132.
Letter to
Incor-
porated
Company
from Cana-
dian Bank
of Com-
merce, New
York, con-
firming call
of loan of
\$2,251,076.50,
with
interest,
21st March
1930.

30

NEW YORK, March 21, 1930.

REGISTER.

Sir Mortimer Davis, Inc.,
Canada Cement Building,
Montreal, Que., Canada.

Dear Sirs,

40 We hereby confirm our demand on you, through our Montreal Branch, for repayment of your demand loan with us totalling \$2,251,076.50, dated 15th November, 1927, with interest at 6% from 27th February, 1930 to date.

Yours very truly,

C. J. STEPHENSON,
Agent.

PLAINTIFFS' EXHIBIT P-133

Montreal, 22nd March, 1930.

Exhibits.
—
P-133.
Letter
to W. K.
McKeown,
K.C., from
Meredith,
Holden &
Co.,
22nd March
1930.

URGENT:

W. K. McKeown, Esq., K.C.,
Royal Bank Building,
Montreal.

10 Dear Sir:—

Re: SIR MORTIMER DAVIS, INCORPORATED

We enclose herewith for your client's information and that of yourself and of your counsel three copies of four letters that our clients have now received from the Canadian Bank of Commerce and which you will note are most important.

Yours truly,

20

MEREDITH, HOLDEN, HEWARD & HOLDEN

Encl.

PLAINTIFFS' EXHIBIT P-134

March 22nd, 1930.

30 Messrs. Meredith, Holden, Heward & Holden,
215 St. James St. West,
Montreal.

P-134.
Letter to
Meredith,
Holden &
Co., from
W. K.
McKeown,
K.C.,
22nd March
1930.

Dear Sirs, Re: ESTATE SIR MORTIMER DAVIS LITIGATION.

I have yours of the 22nd instant enclosing copies of letters from the Canadian Bank of Commerce, and agree that the communications are important, and obviously urgent.

40 The existing situation is the result of the administration of the Estate, the Incorporated Company, and the Alcohol Company, by your clients. They alone have the power, in view of their control, to apply the remedy, if any exists. We trust that they know of a remedy consistent with their duty under the Will to preserve the control of the Alcohol Company, and they will apply it; if not, I suggest that their most elementary duty is to resign at once, and thus satisfy the Bank.

Exhibits.

P-134.

Letter to
Meredith,
Holden &
Co., from
W. K.
McKeown,
K.C.,
22nd March
1930—*con-
tinued.*

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My clients are satisfied that if the necessary power is made available to new Executors and Directors, properly chosen, the matter can be taken care of, even if the Bank, notwithstanding the settlement of the lawsuit (which it suggests would satisfy it) should insist upon its demands.

Yours very truly,

W. K. McKEOWN.

10

PLAINTIFFS' EXHIBIT P-135

Montreal, 22nd March, 1930.

P-135.
Letter to
Canadian
Bank of
Commerce,
Montreal,
from Lord
Shaugh-
nessy,
22nd March
1930.

P. C. Stevenson, Esq.,
Manager, Canadian Bank of Commerce,
Montreal.

20 Dear Mr. Stevenson,

I beg to acknowledge receipt of your communications of March 21st referring to the affairs of Sir Mortimer Davis Incorporated and the Canadian Industrial Alcohol Company Limited, and more particularly to the relations existing between these Companies and your Bank.

The letters above referred to were submitted to the attorneys for the plaintiffs, and I enclose herewith a copy of their reply.

30 From this letter you will see that they imply that a settlement of the lawsuit by the resignation of myself and Mr. Reaper and the appointment of new Executors and Directors would satisfy the Bank.

In view of the interpretation given to your letter as expressed in the letter from the attorneys of the plaintiffs, it is important in the interests of all concerned that the Bank should define its attitude in this respect and elucidate that part of your letter relating to the carrying on of these Companies without hindrance after the removal of litigation, and more particularly as to whether it is the desire of the Bank in the event above referred to that the Companies should
40 be carried on under myself and the present management or otherwise.

I would be obliged if the contents of this letter could be communicated to Toronto by telephone in order that I may have a reply by Monday morning.

Yours very truly,
SHAUGHNESSY.

Encl.

PLAINTIFFS' EXHIBIT P-136

Montreal, 24th March, 1930.

Rt. Hon. Lord Shaughnessy, K.C.,
President,
Sir Mortimer Davis, Incorporated,
Montreal.

Exhibits.

P-136.

Letter
to Lord
Shaugh-
nessy from
Canadian
Bank of
Commerce,
Montreal,
24th March
1930.

10 Dear Sir,

We duly received your letter of 22nd instant, together with a copy of the communication from the Attorney for the Plaintiffs in the litigation. As requested we at once communicated the contents to our Head Office, who have instructed us to advise you as follows:

It appears that according to your construction of the letter of the Attorney for the Plaintiffs he implies that a settlement of the lawsuit by the resignation of yourself and Mr. Reaper and the appointment of new Executors and Directors would satisfy the Bank.

20 The reasons for the action taken by the Bank are clearly indicated in our letter to you of 21st instant and there are no other reasons, and it was not intended that any other reasons should be inferred or implied from the language used.

In so far as our position of creditor and holder of securities is concerned, it is, in our opinion, undesirable that any change should be made in the direction and management of the Companies, as this would have the effect of disrupting the business at a most critical period. Having in view the probable results of the proposed legislation referred to in our letter to you of 21st March, it would appear to us that your knowledge and experience of the operations of the 30 distillery business, which form the basis of the undertakings of all the Companies concerned, should be invaluable at this juncture.

We repeat what is stated in our letter to you of 21st instant that the result of a continuance of the present litigation may well be that the securities now held by the Bank may depreciate still further to a point where they may prove inadequate to protect the Bank's loans.

Should we have further business relations with the Companies concerned, our first condition would be efficient management and in this connection we should be satisfied if you retained the positions which you now occupy untrammelled by any additional restrictions.

40 Of course, if the advances to the Companies concerned are paid off, as seems to be suggested in the last paragraph of the letter from the Attorney for the Plaintiffs, then this Bank would have no further interest in the situation.

Yours faithfully,

P. C. STEVENSON,
Manager.

PLAINTIFFS' EXHIBIT P-137

March 24th, 1930.

The Right Honourable Lord Shaughnessy,
Canada Cement Building,
Montreal.

RE ESTATE LATE SIR MORTIMER DAVIS

Exhibits.

P-137.

Letter
to Lord
Shaugh-
nessy from
W. K.
McKeown,
K.C.,
24th March
1930.

10 Dear Sir,

In further reference to my letter to your Solicitors, Messrs. Meredith, Holden, Heward & Holden, of the 22nd instant, and to the discussion this morning in the presence of the Honourable Mr. Justice Surveyer, I have been instructed to report to you what was there verbally intimated, namely: that should you, in your fiduciary capacity, fail to take the necessary steps to preserve the assets committed to your care, and at the same time refuse to allow the beneficiaries in interest to be placed in a position where they may endeavour to do so, they will hold you personally responsible for all loss and damage which may ensue, and this irrespective of any other claims which may exist by reason of your maladministration of the Estate of the late Sir Mortimer Davis, including the Incorporated Company, and which has resulted in the present serious condition of affairs.

20

Yours very truly,

W. K. McKEOWN.

(Similar letter under same date addressed to Alexander M. Reader, Esq., Canada Cement Building, Montreal.)

30

PLAINTIFFS' EXHIBIT P-138

27th March, 1930.

P-138.
Letter
to W. K.
McKeown,
K.C., from
Meredith,
Holden &
Co. (citing
letters ex-
changed on
March 25th
and 26th,
1930, be-
tween Lord
Shaugh-
nessy and
the Cana-
dian Bank
of Com-
merce),
27th March
1930.

W. K. McKeown, Esq., K.C.,
Royal Bank Building,
Montreal.

40 Dear Sir,

RE CANADIAN BANK OF COMMERCE

We write to inform you on behalf of your clients, Lady Davis and Mr. Mortimer B. Davis, that our client Lord Shaughnessy, after further careful negotiations with the President and the Assistant General Manager and the local Manager of the Canadian Bank of Commerce, wrote to the Manager as follows:—

Exhibits.

P-138.

Letter
to W. K.
McKeown,
K.C., from
Meredith,
Holden &
Co. (citing
letters ex-
changed on
March 25th
and 26th,
1930, be-
tween Lord
Shaugh-
nessy and
the Cana-
dian Bank
of Com-
merce),
27th March
1930—*con-
tinued.*

“25th March, 1930.

“P. C. Stevenson, Esq.,
“Manager, Canadian Bank of Commerce,
“Montreal.

“Dear Sir,

“RE CANADIAN INDUSTRIAL ALCOHOL CO. LTD.

10 “In connection with your letters of the 21st and 24th of March
and the conversation of to-day with the officials of the bank and
yourself, I beg to submit to you the following:—

“FIRSTLY. It will be necessary for us to have a delay extend-
ing over probably the period of the remainder of the Company's
present financial year ending September 30th next, in order to success-
fully cope with the situation as it exists.

20 “SECONDLY. We will require additional advances to the
extent of \$1,000,000.00 in order to meet liabilities and requirements
which are immediate and urgent.

30 “The primary liability in this connection is the payment to the
Dominion Government of approximately \$500,000 under an agree-
ment of settlement for sales tax and payable at the end of March.
The balance of \$500,000 will be used to the extent at least of \$300,000
to complete our manufacturing programme, which in present circum-
stances can neither be discontinued nor curtailed for the reason that
we have purchased supplies manufactured for our use; that is,
malted grain which cannot be sold in open market. This manufac-
turing will cease during the first two weeks of April, after which time
any profits accruing through sales will be used in reduction of the
bank loan, and we might point out that the use of this money to com-
plete our manufacturing programme will increase the stock of manu-
factured liquor on hand, and thereby the security of the bank. The
other \$200,000.00 would be for ordinary working capital to meet the
current requirements of the business.

40 “In order to afford the bank security, we are prepared to assign
and transfer to the bank all moneys receivable by the Canadian
Industrial Alcohol Company Limited from Consolidated Distil-
leries Limited, and to give under section 88 of the Bank Act direct
security for all additional advances.

“We have stock maturing at Corbyville to the extent of between
nine and ten million gallons, which even at a low price would bring,
if sold over a period of a few years, at least \$2.00 a gallon, and this
stock is increasing in value to the extent of about 25 per cent. per
annum by reason of its maturing quality.

“With regard to this stock we are in an advantageous position inasmuch as we have on hand more of the three and four year old maturity than any other distiller in Canada, and this puts us in a favourable position with regard to our competitors.

10 “Inasmuch as the relationship of the bank with Sir Mortimer Davis, Incorporated, depends for its stability mainly upon the success of the operations of the Canadian Industrial Alcohol Company Limited, it would appear to us that the most practical method of dealing with the whole situation is for your bank to assist and thus enable the Canadian Industrial Alcohol Company to continue operations, even through a somewhat difficult period, provided the security of the bank is ample, and thus carry to a successful conclusion the whole existing situation by a probable increase in the values of the securities of the Canadian Industrial Alcohol Company, which are held by the Bank as security for its loans to Sir Mortimer Davis, Incorporated.

20 “The Canadian Industrial Alcohol Company Limited and its predecessors has been through other crises in its career and has weathered them successfully, and I see no reason why, with reasonable co-operation from its bankers, it should not get through the present situation successfully.

RE SIR MORTIMER DAVIS, INCORPORATED

30 “What we would require in regard to the affairs of Sir Mortimer Davis, Incorporated, is that the bank should extend the delay for the payment of its New York agency loan outstanding on March 20th last for a similar period of time; that is, until the 30th September next, the end of the Company’s financial year.

“In order to supply the future requirements of the Company and the Estate (provided the bank raised no objection to the continued operation of the bank account in the ordinary course of business), the Company would be able to raise from its outside resources, as and when needed, sufficient moneys to meet its requirements.

“The more important of those are,

40 “(a) The sum of \$200,000 for a further payment on account of succession duties to the Provincial Government.

“ (b) The sum of \$100,000.00 and interest, the amount owing under marriage settlement with Lady Henriette Davis, Sir Mortimer Davis’ first wife, payment of which has been demanded with threat of suit.

“ (c) Moneys to provide for the annuities and other current expenses accruing until the end of the Company’s current financial year, approximately \$120,000.00.

Exhibits.

P-138.

Letter to W. K. McKeown, K.C., from Meredith, Holden & Co. (citing letters exchanged on March 25th and 26th, 1930, between Lord Shaughnessy and the Canadian Bank of Commerce), 27th March 1930—continued.

P-138.
Letter
to W. K.
McKeown,
K.C., from
Meredith,
Holden &
Co. (citing
letters ex-
changed on
March 25th
and 26th,
1930, be-
tween Lord
Shaugh-
nessy and
the Cana-
dian Bank
of Com-
merce),
27th March
1930—con-
tinued.

“These amounts will have to be advanced by the Incorporated Company to the Executors to meet those requirements of the Estate.

“We call attention to the fact that even at present depreciated market values the securities actually held by the bank have a current market value exceeding \$3,000,000.00, and we would offer by way of further security an additional 75,000 shares of Canadian Industrial Alcohol ‘A’ stock of a value at present current market quotations of approximately \$675,000.00.

10 “Yours very truly,
“(Sgd.) SHAUGHNESSY,
“President.”

After considerable further conferences and negotiations, Lord Shaughnessy has now received the following letter from the Manager of the Bank,—

“26th March, 1930.

20 “Rt. Hon. Lord Shaughnessy, K.C.,
“President, Sir Mortimer Davis, Incorporated,
“Montreal.

“Dear Sir,

“I acknowledge receipt of your letter of 25th instant in which you deal with my letters of 21st and 24th March and in which you submit the requirements of Canadian Industrial Alcohol Company Limited, Sir Mortimer Davis, Incorporated and Consolidated Distilleries Limited, and in which you request the Bank to make the loans therein set forth for the period and on the securities mentioned.

30 The contents of your letter were communicated to our Head Office, who have instructed me to advise you as follows.:

“The Bank is not prepared to entertain the proposals set forth in your letter but is willing to meet some of your requirements on a basis which I shall outline.

“SIR MORTIMER DAVIS, INCORPORATED

40 “1. This Company shall pay from its own resources by 31st March 1930 \$500,000 on account of its loan from this Bank now carried at the Agency of the Bank in New York.

“2. This Company shall raise from its own resources the necessary money and satisfy the Bank as to the payment of—

- “(a) \$200,000 on account of Succession Duty;
- “(b) \$100,000 and interest, being the amount said by you to be owing under marriage settlement with Lady Henriette Davis;

“(c) The annuities and other current expenses accruing from time to time and which up to 30th September, 1930, you estimate at \$120,000.

“3. On compliance with conditions 1 and 2 the Bank will renew the balance of the loan carried at its New York Agency until 30th September next but the loan shall be transferred to the Montreal Office and shall be secured by the hypothecation of the McNish Debentures now held, the \$160,000 Class ‘A’ shares of Canadian Industrial Alcohol Company Limited now held and the additional 75,000 of the said Class ‘A’ shares referred to in your letter of 25th instant.

“CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED
“CONSOLIDATED DISTILLERIES LIMITED

“1. Upon proper application therefor being made by Canadian Industrial Alcohol Company Limited the Bank will grant to it a credit of \$1,000,000 to be secured by assignments of its whiskey and alcohol pursuant to Section 88 of the Bank Act with proper assignments of the insurance thereon which shall be for the full insurable value and in Companies and form approved by the Bank with whom the relative policies are to be lodged. The amount of this credit shall be used by the Company for the following purposes:

“(a) \$500,000 to meet the payment on account of sales tax becoming due March 31st, 1930.

“(b) \$300,000 to the extent that the same is shown to be required therefor to complete the present manufacturing, on the understanding that the present manufacturing will completely cease not later than April 15th next.

“(c) \$200,000 to the extent that the same may be required for working capital.

“2. Upon receipt from Canadian Industrial Alcohol Company Limited as guarantor of the indebtedness of Consolidated Distilleries Limited to the Bank of a proper request in that behalf the Bank will reinstate on a demand basis the existing loans to that Company amounting to \$2,500,000 subject to interest being adjusted and paid to date. As security for this loan Canadian Industrial Alcohol Company Limited shall furnish the Bank with its unconditional guarantee containing a postponement of claims and an assignment of all moneys now due or that hereafter may become due by Consolidated Distilleries Limited to Canadian Industrial Alcohol Company Limited.

Exhibits.
P-138.
Letter
to W. K.
McKeown,
K.C., from
Meredith,
Holden &
Co. (citing
letters ex-
changed on
March 25th
and 26th,
1930, be-
tween Lord
Shaugh-
nessy and
the Cana-
dian Bank
of Com-
merce),
27th March
1930—con-
tinued.

Exhibits.

P-138.
Letter to W. K. McKeown, K.C., from Meredith, Holden & Co. (citing letters exchanged on March 25th and 26th, 1930, between Lord Shaughnessy and the Canadian Bank of Commerce), 27th March 1930—continued.

10

“All documents in connection with the arrangements proposed, as set forth above, shall be approved by the solicitors of the Bank.
“It is to be understood that the Bank will be furnished with such statements, audited or otherwise, as it may require during the currency of the loans for the purpose of verifying the representations that have been made to it and of satisfying itself from time to time as to the state of the account.

“Yours faithfully,

“(Sgd.) P. C. STEVENSON,
“Manager.”

20

In connection with the security that the bank stipulates from the Canadian Industrial Alcohol Company Limited, for new advances, the bank requires sanction by the shareholders (after special notice) under section 84 of the Companies Act at a special general meeting of shareholders which it is necessary under the circumstances for that Company to call at once for that purpose.

We are sending you at once this letter with two copies thereof and shall be glad to have now your concurrence (on behalf of your clients) in the above arrangement.

Yours truly,

MEREDITH, HOLDEN, HEWARD & HOLDEN.

30

PLAINTIFFS' EXHIBIT P-139

March 29th, 1930.

Messrs. Meredith, Holden, Heward & Holden,
315 St. James Street,
Montreal.

Dear Sirs,

40

RE ESTATE SIR MORTIMER DAVIS MATTERS

Referring to your letter of the 27th instant, and to our conference of yesterday morning, we gather from both that the offer contained in the Bank's letter of the 26th instant is the best that your clients can obtain. It undoubtedly leaves both Sir Mortimer Davis, Incorporated, and The Alcohol Company at the mercy of the Bank, but since, in the present circumstances, our clients can do nothing,

P-139.
Letter to Meredith, Holden & Co. from W. K. McKeown, K.C., 29th March 1930.

we do not see that they have any alternative but to concur, without prejudice to all of their contentions, particularly as to who is responsible for this situation having come about and still continuing to-day.

As it is obvious that the only escape lies in the ability of your clients to dispose of the stocks of Liquor held by The Alcohol Company at a sufficiently rapid rate to provide the required moneys for the Bank, we asked you firstly to give us particulars of your clients' proposals for the reorganization of the Sales Department of The Alcohol Company in such a manner as to correct for the future the large falling off of sales which we understand has taken place.

In the second place, inasmuch as the Incorporated Company will be deprived of its principal source of revenue by the passing of The Alcohol dividend, we also asked you to have your clients furnish us with a budget which would show in detail the expected income and outgo for the coming year.

As the Estate will, in turn, be affected in a similar way, by reason of its dependence upon the Incorporated Company, we also asked you to have your clients furnish us with a budget in detail showing the manner in which the requirements of the Estate are to be taken care of over the same period.

We had expected that we would have received the above information yesterday afternoon, and in any event, before having to give our answer to the Bank's proposal, but the same has not reached us up to 1 p.m. to-day, and as the matter is urgent, and time is pressing, we are compelled to reply without the information, which we should have, before us.

While therefore being compelled to give our concurrence to the Bank's proposal, which we now do on behalf of our clients, we have to insist upon being supplied with the information as above, which certainly Lady Davis, as a Co-Executrix and Trustee and as a Co-Director of the Incorporated Company, is entitled to receive.

Yours very truly,
W. K. McKEOWN.

Exhibits.

P-139.
Letter to
Meredith,
Holden &
Co. from
W. K.
McKeown,
K.C.,
29th March
1930—con-
tinued.

**Exhibit Group No. 6: Power of Attorney, Correspondence,
etc., between Lady Davis and Lord Shaughnessy, and their
Solicitors**

PLAINTIFFS' EXHIBIT P-5

BEFORE MAITRE EDWARD W. H. PHILLIPS, the under-
signed Notary Public for the Province of Quebec, in the Dominion of
Canada, practising in the City of Montreal, in said Province,—

10

CAME AND APPEARED,—

Exhibits.

P-5.

Power of
Attorney
from Lady
Davis to
Lord
Shaugh-
nessy *et al.*,
4th May
1928.

20

DAME ELEANOR CURRAN (LADY DAVIS) of the said City
of Montreal, widow of the late SIR MORTIMER BARNET DAVIS
in his lifetime of the same place, Knight,—hereinafter in her
capacity of one of the three Trustees and Executors of and under the
Last Will and Testament of the deceased, the said late Sir Mortimer
B. Davis, said Will executed at London in England on the Thirtieth
day of November, Nineteen hundred and twenty-seven, in the pres-
ence of three witnesses, and proved in the Superior Court at Montreal
on the Eighteenth day of April instant (1928), the deceased having
died at Cannes in France on the Twenty-second day of March last
(1928).

30

WHICH said Appearer in her said capacity doth hereby consti-
tute and appoint her Co-Trustees and Executors, to wit,—William
James Shaughnessy, the Right Honourable Lord Shaughnessy, of
Montreal aforesaid, a Baron of the United Kingdom, and Alexander
M. Reaper of Montreal aforesaid, Secretary,—jointly to be her
Attorneys for her in her said capacity, to do and perform all such
things as may be required in connection with the Estate and Succes-
sion of the deceased, the said late Sir Mortimer B. Davis, hereby dele-
gating generally to her said Attorneys as such Co-Trustees and Exec-
utors, all powers which she, the said Appearer, might exercise herself
as such Trustee and Executrix if personally present under and by
virtue of said Will, whether in respect of matters of conservation,
administration or alienation, including the express power to sell,
transfer and in any way alienate and dispose of any and all property
of said Estate, both movable and immovable.

40

With power to said Attorneys to appoint one or more Attorney
or Attorneys under them with the same or more limited powers,—and
also with power to each of her said Attorneys to appoint the other as
Attorney of the said Appearer with all the powers hereby granted to
both of them or for specific acts,—the whole from time to time.

The said Appearer hereby ratifying and confirming and promis-
ing to ratify and confirm all lawful acts of her said Attorneys or either
of them or their substitute or substitutes in the premises.

Exhibits.

P-5.
Power of
Attorney
from Lady
Davis to
Lord
Shaugh-
nessy *et al.*
4th May
1928—*con-
tinued.*

THUS DONE AND PASSED at the said City of Montreal in the office of me, the said undersigned Notary, on this Fourth day of May, Nineteen hundred and twenty-eight, under the Number Ten thousand five hundred and seventy-nine of my Notarial Records and signed by the said Appearer hereto with and in the presence of me, the said Notary, also hereunto subscribing, these presents having been first duly read according to law.

10

(Signed) ELEANOR DAVIS
“ E. W. H. PHILLIPS, N.P.,

A true copy of the original hereof which remains of record in my office.

E. W. H. PHILLIPS, N.P.

PLAINTIFFS' EXHIBIT P-229

20

June 8th, 1928

Lady Davis.
Hotel Plaza Athenée,
Paris, France.

P.229.
Letter to
Lady Davis
from Lord
Shaugh-
nessy,
8th June
1928.

My dear Eleanor.

30 Before you left you will, no doubt, remember me saying that I considered it necessary to submit the various Deeds of Donation, which had been made by Sir Mortimer during his lifetime, to the attorneys for the Estate for opinion.

The difficulty which appeared to me lay in the fact that Sir Mortimer had revoked the provisions of these Deeds in respect to practically every beneficiary, except his first wife, Henriette and his son, Mortimer.

In the Deed of Settlement with Henriette, she renounced all rights which she had in both Donations and thus she was eliminated, leaving Mortimer as the only beneficiary.

40

By a Deed passed in 1924, Mortimer did not renounce all rights under the Donations but transferred to his father and his father's estate all benefits that might accrue to him during his lifetime in the Donations.

The difficulty which arose in my mind was this—were the Donations still in existence and would it be necessary to leave the \$3,000,000. of notes of Sir Mortimer Davis, Incorporated, in the

one case, and securities amounting to \$1,200,000. in the other case, in the hands of the trustees to follow the destination provided in the Donations, or whether the Donations were no longer operative and the securities could be returned to the Estate.

10 As you will see from the opinion which we have received, copy of which is enclosed herewith, the lawyers have decided that the Donations are still valid and that the bonds and securities must remain in the hands of the trustees and the revenue and capital paid in accordance with the terms of the Donations.

When Sir Mortimer left here last Autumn, it was suggested to him that these Deeds might be wiped out by obtaining a renunciation from Mortimer but inasmuch as the provisions of the Will made at that time coincided with the provisions of the Donations and there was a reasonably good chance that the Donations, having been made for more than three years would be free of Succession Duties, he did not want them interfered with but, of course, his subsequent Will, made in London, created a conflict, and then the terms of the Will and Donations were not the same.

20 The result of the whole thing is that the capital of \$3,000,000. in one case, and \$1,200,000, in the other case, must remain in the hands of the trustees appointed for fifty years, these trustees being Mortimer Davis, H. M. Marler, yourself and myself, in both cases, The revenue, until Mortimer reaches thirty years of age, with the exception of a comparatively small amount which is paid to the Estate in virtue of Mortimer's transfer, must be added to capital, and after he reaches thirty, the whole revenue would be paid to him or, as he has transferred it to the Estate, will be paid to the Estate.

30 It will be seen from the above that the revenue of the Estate, fore, will be affected and reduced by the amount of revenue produced by these sums, which must be added to capital for two and one-half years, after which the whole revenue will come to the Estate.

The destination of the capital changes considerably what Sir Mortimer had in mind when he made his Will as it is provided that if Mortimer dies leaving children, the capital then belongs to the children in equal shares but still remains in the hands of the trustees until the expiration of fifty years, the children to receive the revenue during that time in equal shares and the ultimate ownership of the capital to go to Mortimer's grandchildren. In the event of Mortimer dying without issue, the whole proceeds of the trust funds return to the Estate.

I hope you can understand the above but it is a most complicated matter brought about by the fact that when Sir Mortimer changed his Will, he was not in a position to change the Donations and, therefore, they remained as made.

Exhibits.

P-229.
Letter to
Lady Davis
from Lord
Shaugh-
nessy,
8th June
1928—con-
tinued.

40

Exhibits.

P-229.

Letter to
Lady Davis
from Lord
Shaugh-
nessy,
8th June
1928—con-
tinued.

The other part of the opinion concerns the procedure necessary to be adopted in order to deal with the settlement on Henriette by the terms of her marriage contract, i.e. three trustees must be appointed, two by us and one by her, and the \$100,000. paid to them to be invested, the revenue to go to her until she remarries, in which case half the revenue goes to her and the other half to Mortimer and, in the event of her death, the capital goes to Mortimer.

10 If there are any questions which may occur to you in connection with this letter, or the opinion enclosed, please let me know and I will be glad to elucidate the same.

We hope to sail on July 11th, when I will see you at the earliest opportunity and explain the matter very fully.

We all send our love.

Very sincerely

SHAUGHNESSY.

20

DEFENDANTS' EXHIBIT D-106

AVENUE GEORGE V—PARIS

My dear Billy,

So glad to hear that you were having a nice crossing. How I hated to see you and Marion leave.

D-106.
Letter
to Lord
Shaugh-
nessy from
Lady Davis,
25th Sept-
ember 1928.

30 Mortimer came to see me last night. He had been drinking a great deal. He thanked me for arranging the interview and said that his lawyer told him that you told him (the lawyer) that Rosie was trying to get money for him. It sounded all ragtime to me. He told me about a cocktail party that he gave and invited Rosie to be hostess. This is the way he tells it: I got very tight because I wanted to tell her what I thought of her and I knew I could not do it otherwise.

40 He has been advised to go to Vichy. He returned this morning cold sober and told me that he could not pay his hotel bill. The Casino has stopped the bank paying any money to him. He asked me to lend him Fifty thousand francs to pay the hotel and the detectives that have been watching Rosie.

I gave him the money and he is going to leave to-morrow. He thinks Rosie is alright but she is under a bad influence at present!! He loves her and he will never love anyone else, but she will have to give back half the things he bought her. I asked him about the marriage settlement and he swore it was absolutely untrue. That he has never made a contract, or settlement of any kind—I am sorry to bore you with all this, but feel you should know.

Exhibits.

D-106.

Letter to Lord Shaughnessy from Lady Davis, 25th September 1928
—continued.

Give my love to Marion and the children and my best wishes and thanks to you, Billy dear.

Sincerely,
ELEANOR.

September twenty-fifth.

PLAINTIFFS' EXHIBIT P-225

COPY OF C. P. R. CABLE IN CODE

P-225. Cablegrams to Lord Shaughnessy from Lady Davis, 11th October 1928.

Neully S Seine, October 11th, 1928

Shaughnessy,
Montreal.

Buy one thousand Canadian Industrial Alcohol. Use McNish Bonds for security.

ELEANOR.

PLAINTIFFS' EXHIBIT P-245

Sir Mortimer Davis, Incorporated 436 ST. FRANCOIS XAVIER STREET
City, MONTREAL. October 11th., 1928.

WE HAVE THIS DAY BOUGHT FOR YOUR ACCOUNT AND RISK

SUBJECT TO RULES AND REGULATIONS AND CUSTOMS OF THE EXCHANGE WHERE EXECUTED.

Redpath & Co.
Stock Brokers

15	Ind. Alcohol	39	\$ 585.00
200	do.	39½	\$7,900.00
500	do.	40	20,000.00
285	do.	41	11,685.00
Commission			300.00
			<u>\$40,470.00</u>

*Received payment 27/10/28
October Redpath & Co. McNish*

When carrying securities for clients we reserve the right of pledging the same or raising money upon them to any extent and in any way most convenient to us, and of selling without notice, before or when margin is exhausted.

All orders for the Purchase and Sale of any Stocks, Bonds, etc., are received and executed with the distinct understanding that ACTUAL DELIVERY is contemplated, and that the party giving the order so understands and agrees.

RESPECTFULLY.

Redpath & Co.

P-245. Bought Note of Redpath & Co. in favour of the Incorporated Company, covering 1,000 Shares of Alcohol stock, 11th October 1928.

PLAINTIFFS' EXHIBIT P-227

COMMERCIAL CABLES

Montreal, October 31st, 1928.

Lady Eleanor Davis,
Hotel George 5th,
Avenue George 5th,
Paris (France).

Exhibits.
P-227.
Cablegram
to Lady
Davis from
Lord
Shaugh-
nessy,
31st Octo-
ber 1928.

10

Translation:—

Marler willing sell his stock of Sir Mortimer Davis, Incorporated numbering 500 shares at price fixed by Auditors, namely \$170. per share. Under By-Laws these must be offered to present shareholders in proportion to their holdings namely Estate 90%, Waddell 5% Self 5%. We think purchase very advisable and I willing take my proportion. Do you concur.

SHAUGHNESSY.

20 Charge Sir Mortimer Davis Inc.

PLAINTIFFS' EXHIBIT P-228

Paris, November 1st, 1928.

Shaughnessy,
Montreal.

P-228.
Cablegram
to Lord
Shaugh-
nessy from
Lady Davis,
1st Nov-
ember 1928.

30

Yes concur understand purchase out of capital investment.

ELEANOR.

DEFENDANTS' EXHIBIT D-9

Montreal, Nov. 7th, '28

My dear Eleanor—

40 I cabled you concerning Marler. The situation is that I had a visit from him the other day when he consulted me as to what action he should take towards Sir M. Davis Inc. and the various Trusteeships to which he was appointed. I told him that I really thought in the circumstances that he should resign since as he was no longer interested in Sir Mortimer's affairs as an Executor and since there was no remuneration to be received in connection with the responsibilities of Trustee he might find it an added burden to act with the Executors.

D-9.
Letter to
Lady Davis
from Lord
Shaugh-
nessy,
7th Nov-
ember 1928.

He agreed with me but stated that if he was to sever his connection entirely he would like to sell his stock and get clean out. He asked me if any value had been placed on the shares of the Davis Coy. and I answered that the Auditors had placed a value of \$170 per share. He was content to accept that value.

10 Now that value was paid for succession duty purposes and is consequently very low and his stock is undoubtedly a bargain at that figure. All of which I explained to him, but he still persisted that even though he was losing money he desired to sell and therefore I cabled you. Reaper and I think that it is a very good purchase quite apart from the fact that we get rid of Marler forever.

Under one of the Trust deeds he is entitled to a remuneration of \$2,000 per annum and it might be fair for us to allow him a little additional to compensate for that. We will make it all back and more in the price of the shares.

20 I have an undertaking from him to resign from everything if we buy his shares and I think we should put it through without delay before he changes his mind.

Things are running very smoothly and we have almost got the Succession Duties settled—this should be done by the beginning of Dec.

30 Philip Meyer and Beatrice Lustgarten have sued us for the allowances which Sir Mortimer first provided by deed and subsequently revoked. They claim that the revocations are null and void. There is a legal question in the Philip one, but in the Lustgarten case I don't think she has much chance. However she has evidently decided to try her luck. Our position is clear. Since Sir M. revoked these benefits we have no alternative but to refuse to pay them until they are held payable by the highest Court in the land.

I am rather surprised at L. since she always boasted that she refused to take his money, she evidently wants it now.

40 It doesn't affect your position at all though as it is either payable or not from the revenue of the Trust funds which would not fall into the Estate for some years and only permanently if Mortimer dies without issue. That is these amounts are not paid out of the revenue of the Estate.

Audley has gone to Cuba for a short time on business. He was not very well before.

Exhibits.

D-9.

Letter to
Lady Davis
from Lord
Shaughnessy.
7th Nov-
ember 1928
—continued.

PLAINTIFFS' EXHIBIT P-25

Exhibits.

Dec. 26, 1928

P-25.
Notice to
Lady Davis
of Annual
Meeting of
Incor-
porated
Company
called for
December
31st, 1928,
26th Dec-
ember 1928.

Lady Eleanor Davis,
Villa les Glaieuls,
Golfe Juan, A-M,
France.

Dear Lady Davis,

10 Notice is hereby given that the Annual Meeting of Shareholders of Sir Mortimer Davis, Incorporated, will be held at the office of the Company, Canada Cement Bldg., Montreal, on Monday, December 31st, 1928, at 11.00 A.M. for the purpose of receiving the annual report, electing Directors for the ensuing year, the election of auditors and such other business as may properly come before the meeting.

Yours very truly,

A. M. Reaper,
Secretary Treasurer.

20 Copy sent to
Lord Shaughnessy
Estate Sir Mortimer B. Davis.

DEFENDANTS' EXHIBIT D-16

CANADIAN PACIFIC RAILWAY COMPANY'S TELEGRAPH
TELEGRAM

Cannes Dec. 31, 1928

D-16.
Cable to
Mr. Reaper
from Lady
Davis,
31st Dec-
ember 1928.

30 Mr. Reaper.
Canada Cement Bldg. Montl.
Every good wishes for the New Year.

ELEANOR DAVIS.

230 p.m.

DEFENDANTS' EXHIBIT D-15

LES GLAÏEULS
GOLFE-JUAN
Alpes-Maritimes

D-15.
Letter
to Lord
Shaugh-
nessy from
Lady Davis,
31st Dec-
ember 1928.

10

Dear Billy,

Received the September statement of the Sir Mortimer Davis, Inc. My boy friends Vlasto and Meurice are driving me mad about Fairy. Meurice is in a state. He wants me to telephone you and

telegraph you almost every day. He says it is ridiculous that he should have to wait Vlasto's refusal. I told him I was sorry. I did the best I could, and would have to wait until I heard from you.

I have taken a furnished house in Paris, 9 Rue Constantin and hope that you and Marion will stay with me when you come over.

I would like to get five points on the Thousand shares of Alcohol that I bought. Will you sell it if it reaches this mark.

Did we buy Marler's S.M.D. Inc. shares.

Received a telegram from Mortimer this morning from Palm Beach, our boy certainly travels. Louis Bamberger asked me to tell you that he loaned Mort six thousand dollars for insurance premiums. I cannot remember whether I told you or not. May go to St. Moritz the thirteenth for two or three weeks.

Give my love to Marion, my beau and Anne. All good wishes to you and all for the New Year.

Sincerely,

ELEANOR.

Dec. 31, 28.

20

PLAINTIFFS' EXHIBIT P-239

Montreal, June 1st, 1929.

Lady Eleanor Davis,

In Account with

SIR MORTIMER DAVIS, INCORPORATED

P-239.
Statement
of Account
of Lady
Davis with
Incor-
porated
Company,
1st June
1929.

	1927		Debits	Credits	Balance
30	Nov. 15	To 6288 McNish Debentures at \$4.50	28,296.00		28,296.00
	30	" Interest at 6% p.a.....	69.77		28,365.77
	Dec. 31	" do	144.55		28,510.32
	1928				
	Jan. 31	" do	145.29		28,655.61
	Feb. 29	" do	136.60		28,792.21
	Mar. 1	By Dividend on McNish Debentures 3 mos to Feb. 15, 1928.....		471.60	28,320.61
	Mar. 31	To Interest at 6% p.a.....	144.39		28,465.00
	Apr. 30	" do	140.37		28,605.37
	May 31	" do	145.76		28,751.13
	June 1	By Dividend McNish Debentures 3 mos. to May 15, 1929.....		471.60	28,279.54
40	June 30	To Interest at 6% p.a.....	139.53		28,419.06
	July 31	" do	144.82		29,563.88
	Aug. 31	" do	145.56		29,709.43
	Sept. 1	By Dividend on McNish Debentures 3 mos. to Aug. 15, 1929.....		471.60	29,237.84
	Sept. 29	By Cash.....		28,638.20	400.36
	Sept. 30	To Interest at 6% p.a.....	139.32		261.04
	Oct. 9	" 1000 shrs. Alcohol Common at 39- 41.....	40,470.00		40,208.96

Exhibits.

D-15.

Letter
to Lord
Shaugh-
nessy from
Lady Davis,
31st Dec-
ember 1928
—continued.

Exhibits. <hr style="width: 10%; margin: 5px 0;"/> P-239. Statement of Account of Lady Davis with Incorporated Company, 1st June 1929— <i>con- tinued.</i>	10	Oct. 31	To Interest at 6% p.a.	145.03		40,353.99
		Nov. 30	" do	199.00		40,552.99
		Dec. 1	By Dividend on McNish Debentures 3 mos. to Nov. 15, 1929		471.60	40,081.39
		Dec. 31	To Interest at 6% p.a.	204.33		40,285.72
		1929				
		Jan. 31	" do	202.98		40,488.70
		Feb. 15	By Dividend and bonus on 1000 shrs. Alcohol Common		630.00	39,858.70
		Feb. 28	To Interest at 6% p.a.	184.90		40,043.60
		Mar. 1	By Dividend on McNish Debentures 3 mos. to Feb. 15, 1929		471.60	39,572.00
		Mar. 31	To Interest at 6% p.a.	201.65		39,773.65
		Apr. 30	" do	196.14		39,969.79
		May 15	By Dividend on 1000 Alcohol Common		380.00	39,589.79
		May 31	To Interest at 6% p.a.	202.69		39,792.48
		June 1	By Dividend on McNish Debentures 3 mos. to May 15, 1929		471.60	
		June 1	To Balance			\$39,320.88

Long:
 6,288 McNish Debentures.
 1,000 shrs. Alcohol Common.

20

PLAINTIFFS' EXHIBIT P-234

Montreal, July 24th, 1929.

Lady Davis,
 Ritz Carlton Hotel,
 Montreal, Que.

30 Dear Lady Davis,

Appropos of our telephone conversation I enclose herewith copy of the By-Laws of Sir Mortimer Davis, Incorporated, relating to the appointment of Directors.

At the last Annual General Meeting of Shareholders the number of Directors was fixed at three, viz: yourself, Mr. Reaper and myself and it would seem, under the By-Laws, that this number cannot be increased except at an Annual General Meeting.

40 It seems clear that vacancies in the number fixed could be filled for an unexpired portion of the year and, of course, the number increased to the required number at the next Annual General Meeting.

It would not, however, be strictly in accordance with the By-Laws to increase the Board at a Director's Meeting now though, under the circumstances, we have no objection to consulting with Mr. MacDonald on all policies affecting the Company from now until he can regularly be elected a Director.

P-234.
 Letter to
 Lady Davis
 from Lord
 Shaugh-
 nessy, with
 copies of
 Byelaws
 attached,
 24th July
 1929.

I might say that in this connection our fiscal year ends on September 30th and the annual meeting is usually held as soon after that as the auditors can prepare the annual statement.

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED,
SHAUGHNESSY,
President.

10

PLAINTIFFS' EXHIBIT P-234 (b)

COPY OF BY-LAWS OF
SIR MORTIMER DAVIS, INCORPORATED

8. The affairs of the Company shall be managed by a Board of not more than five and not less than three Directors, the number to be fixed by the shareholders at each annual general meeting. A majority of the Directors at any time in office shall constitute a quorum.

9. The President and Vice-President shall be chosen by the Directors from amongst themselves at the first board meeting after the annual meeting.

10. The President shall, if present, preside at all meetings of the Company. He shall call meetings of the Board of Directors and shareholders whenever necessary. In the absence of the President and Vice-President at any meeting, the shareholders or directors, as the case may be, shall have power to appoint from amongst themselves, a chairman to preside over such meeting.

11. The Vice-President shall exercise all the powers of the President in the absence of the latter.

12. Questions arising at any meetings of directors shall be decided by a majority of votes. In case of an equality of votes, the Chairman, in addition to his original vote, shall have a casting vote.

13. The Directors shall hold office for one year and until their successors shall be elected.

14. Any shareholder not in arrears for payment of calls upon his stock may be elected a director.

15. In case of the death of a director or his being unable to act as such or his ceasing to be a shareholder, the vacancy thereby

Exhibits.

P-234.

Letter to
Lady Davis
from Lord
Shaugh-
nessy, with
copies of
Byelaws
attached,
24th July
1929—con-
tinued.

40

created may be filled for the unexpired portion of the term by the board from among the qualified shareholders of the Company. In case the number of directors shall at any time be increased to more than five, vacancies in the board shall be considered as created to the number of such increase, which vacancies may be filled by the directors in the manner above indicated.

10 16. The board from time to time shall fix the salary or wages paid to the officers of the Company, including officers who may also be directors, and also the remuneration of the members of the board for their services as such.

Exhibits.

P-234.
Letter to
Lady Davis
from Lord
Shaugh-
nessy, with
copies of
Byelaws
attached,
24th July
1929—con-
tinued.

17. The office of the director shall *ipso facto* be vacated;

(a) If he ceases to be a shareholder of the Company;

(b) If he becomes bankrupt or insolvent or of unsound mind;

20 (c) If he be removed from office by the shareholders, it being hereby provided that the shareholders may, by majority vote of the stock outstanding and at a Special Meeting convened for the purpose, remove any director from office.

18. A director may hold any other office or employment in the Company in conjunction with the office of director and may receive such remuneration therefor as may be fixed or agreed upon by the directors.

30 19. The directors shall not be disqualified by reason of their office from contracting with the Company, either directly or indirectly, but the interest of any director in any contract to be made by the Company shall be disclosed before the execution of the contract and such director shall not vote in respect thereof.

DEFENDANTS' EXHIBIT D-60

D-60.
Letter
to Lord
Shaugh-
nessy from
Lady Davis,
18th August
1929.

40 Dear Lord Shaughnessy,
I think Mr. Raymond's offer too low. I am quite sure that we can do better.

Why has the sign been removed from the Pine Ave. house ?

Very truly,

ELEANOR DAVIS.

August the fifteenth.

PLAINTIFFS' EXHIBIT P-7 (a)

15th August, 1929.

Rt. Hon. Lord Shaughnessy,
Montreal.

Dear Sir:—

Exhibits.
—
P-7 (a).
Letter
to Lord
Shaugh-
nessy from
Lady Davis,
15th August
1929.

10 In response to my request you have supplied me with copies of statements relative to the accounts of Sir Mortimer Davis Incorporated and Estate Sir Mortimer B. Davis. These statements do not disclose the situation sufficiently in detail to give me the information which I require. I therefore request that you have statements drawn up for me by your accountants, Messrs. Price, Waterhouse & Co., covering the affairs of Sir Mortimer Davis Incorporated and the Estate Sir Mortimer B. Davis, along the following lines—

Sir Mortimer Davis Incorporated:

- 20 1. Statements covering the operations of the Corporation from 30th September 1928 to date, prepared in a manner similar to those supplied by Messrs. Price, Waterhouse & Co., in their report and statements dated 29th November, 1928, and showing in detail—
- (a) All the assets of the Corporation at the commencement of business 1st October 1928.
 - (b) Any changes that have taken place in the Assets since that date.
 - 30 (c) Gross Revenue received from each asset.
 - (d) Assets at the present date.
2. List of Shareholders, and the number of shares registered in the name of each.
3. List of holders of the 20 Year 6% Serial Notes and the amount held by each.
- 40 4. Statement to show in detail all the other liabilities of the Corporation, and information as to the origin of the liability, or the reason for which it has been set up.
5. Particulars as to Contingent Liabilities.
6. Further details of certain items appearing the Statement of Profit & Loss as follows:

(These particulars are required for the Profit & Loss Account for the year ended 30th September, 1928, as well as for that for the current period.)

- (a) Directors' Fees—From what companies received.
- (b) Detailed statement giving particulars as to the Gross Revenue from Federal Coals Property, and the different items of supervision expense.
- 10 (c) Detailed statements of the administration of each of the properties of the Corporation, giving the Gross Revenue and the items of expense.
- (d) List of those to whom salaries and bonus have been paid and the amount paid to each, showing also the current rate of annual salary, and that of the previous year.
- (e) Analysis of office rent, taxes, general and office expenses, and donations.
- 20 (f) Particulars as to the item "Interest on Instalments of Interest on 6% Serial Notes."
- (g) Details of any other deductions made particularly, in the case of the statement of Profit and Loss for the year ended 30th September 1928, the following—
 - 30 Alberta Coal Property Expense,
 - Alberta Oil Fields Leases and Expenses,
 - Canadian Exploration Syndicate Expense,
 - Sudbury Mines Expense.

Estate Sir Mortimer B. Davis:

1. Balance Sheet as at the date of death.

2. Statement to show—

- 40 (a) A List of each and every asset of the estate as at the date of death.
- (b) Any changes to date due to disposal, additions, etc.
- (c) Revenue received from each asset.
- (d) Assets at the present date.

3. Balance Sheet as at the present date.

Exhibits.

P-7 (a).
Letter
to Lord
Shaughnessy from
Lady Davis,
15th August
1929—*continued.*

4. Statement of Revenue & Expenditure covering the period from date of death to present date.

This statement will show—

- (a) Gross Revenue as disclosed in Statement No. 2.
- (b) Full particulars as to expenditures.

Exhibits.

P-7 (a).

Letter to Lord Shaughnessy from Lady Davis, 15th August 1929—*continued.*

10 5. Summarized statement of Cash Receipts and Cash Disbursements for the same period as covered by Statement No. 4.

I also wish to be supplied with copies of all Contracts, Agreements, etc., affecting the relation of Sir Mortimer Davis Incorporated or the Estate Sir Mortimer B. Davis with any director, officer, executive or executor, or employee of either.

20 I request that you give Messrs. Price, Waterhouse & Co. instructions to proceed with their work forthwith, sending me a copy of their Reports and Statements immediately upon completion thereof.

Kindly acknowledge receipt of this letter to me, and at the same time advise me approximately when I may expect to receive copies of Messrs. Price, Waterhouse & Co.'s Reports.

Yours very truly,

ELEANOR DAVIS.

30

DEFENDANTS' EXHIBIT D-3

August 21st, 1929.

Lady Davis,
Ritz Carlton Hotel,
Montreal, Que.

D-3.

Letter to Lady Davis from Lord Shaughnessy, 31st August 1929.

40 Dear Lady Davis,

I beg to acknowledge receipt of your favour of the 15th instant requesting in connection with Sir Mortimer Davis, Inc., and the Estate Sir Mortimer B. Davis, statements to be prepared by the firm of accountants, Messrs. Price Waterhouse & Co., containing in detail the information set forth in your letter.

We are, of course, most pleased to give you any information which you may require in the form in which you require it, but in connection with Sir Mortimer Davis, Inc., I feel it important to point

out that the auditors, in accordance with the by-laws of the company, will in any event prepare a statement of the affairs of the company after the end of the fiscal year, namely, September 30th next, and should you so desire it, this statement can be made in such form as to contain all the information which you have requested.

Exhibits.

D-3.

Letter to
Lady Davis
from Lord
Shaugh-
nessy,
31st August
1929—con-
tinued.

10 I merely mention this as it appears to me that it might be more satisfactory and save a lot of unnecessary work if the one statement were prepared instead of one now and another after September 30th. Of course, if you particularly desire the statement made now, I should be pleased to take the matter up with the accountants immediately and put the matter in hand by furnishing them naturally with all the required information.

In connection with the Estate Sir Mortimer B. Davis, the statement can, of course, be prepared immediately.

I will be obliged if you will kindly let me know your decision in connection with Sir Mortimer Davis, Inc., when I should be most pleased in any event to comply with your request.

Yours very truly,

20

SHAUGHNESSY.

PLAINTIFFS' EXHIBIT P-7 (b)

August 23, 1929.

Dear Lord Shaughnessy:—

30 I beg to acknowledge receipt of your letter of August 21st. I wish to state that I should like an Interim Statement of the Sir Mortimer Davis, Inc., as I requested made out at once.

In order that you may make proper arrangements, I wish to advise you that in the future I shall require a properly audited monthly balance sheet together with supporting figures, as usually submitted to Directors.

40 I wish the audited Statement of the Sir Mortimer B. Davis Estate to proceed immediately, and I shall want an audited monthly statement of all transactions for the account of the Estate, in regard to my request which you do not acknowledge in your letter to be supplied with copies of all contracts, agreements, and so forth, affecting the relation of Sir Mortimer Davis Inc., or the Estate Sir Mortimer B. Davis with any Director, officer or employee of either. I again express the wish that these be supplied immediately.

P-7 (b).
Letter
to Lord
Shaugh-
nessy from
Lady Davis,
23rd August
1929.

Yours very truly,

ELEANOR DAVIS.

PLAINTIFFS' EXHIBIT P-235

Montreal,

August 29th, 1929.

Lady Davis,
Ritz Carlton Hotel,
10 Montreal, Que.

Exhibits.

P-235.
Letter to
Lady Davis
from Lord
Shaugh-
nessy,
29th August
1929.

Dear Lady Davis:

20 With reference to our telephone conversation of yesterday, I beg to advise that since Mr. Reaper has gone on a week's holiday, and I am unable to readily lay my hands upon the documents in question, I am enclosing to you herewith my own copy of the agreement between Sir Mortimer Davis, Sir Mortimer Davis Inc., and myself and would be obliged if you would kindly return it to me when it has served your purpose.

This is, as far as I know, the only agreement with any officer of the company apart from a similar one made with Mr. Waddell which was completed and fulfilled.

With all deference and respect I should like to take this opportunity of protesting against the dictatorial attitude which you have adopted in requesting information.

30 While I am at all times ready and willing to comply with any reasonable request which you may make and to furnish you with any information that you might desire in connection with the Company and the Estate, I should like to point out that I am not and never was in your employ, and consequently resent the receipt of what can only be considered in the spirit of orders.

It is not my desire to be unpleasant in the matter, which I hope you will fully appreciate, but unless a more conciliatory tone is adopted, it may be difficult, if not impossible, to comply with your desires.

40 I am sending a copy of this to your legal advisor, Mr. Montgomery.

Yours very truly,

SHAUGHNESSY.

PLAINTIFFS' EXHIBIT P-11

BEFORE Mtre. HERBERT BAYNE McLEAN, the undersigned
Public Notary for the Province of Quebec practising at the City
of Montreal,

Exhibits.

P-11.
Revocation
by Lady
Davis of
Power of
Attorney,
5th October
1929.

10 APPEARED:

DAME ELEANOR CURRAN (LADY DAVIS) of the City of
Montreal, widow of the late Sir Mortimer Barnet Davis in his life-
time of the same place Knight;

20 WHO declared by these presents to have revoked a Power of
Attorney granted by her as one of the three Trustees and Executors
of and under the Last Will and Testament of the said late Sir Mor-
timer Barnet Davis proved in the Superior Court for the Province of
Quebec in the District of Montreal on the Eighteenth day of April
Nineteen hundred and twenty-eight, such Power of Attorney having
been executed before E. W. H. Phillips, Notary, on the Fourth day
of May Nineteen hundred and twenty-eight and being in favour of
her Co-Trustees and Co-Executors, namely, William James Shaugh-
nessy the Right Honourable Lord Shaughnessy and Alexander M.
Reaper jointly.

WHEREOF ACTE:

30 DONE AND PASSED at the City of Montreal, this Fifth day
of October, Nineteen hundred and twenty-nine and of record in the
office of the undersigned Notary under the Number Four Thousand
Five Hundred and Ninety-Two.

AND AFTER DUE READING HEREOF the Appearer signed
in the presence of the said Notary.

(Signed) ELEANOR DAVIS,

40

" H. B. McLEAN, N.P.

A TRUE COPY of the original hereof remaining of record in
my office.

H. B. McLEAN, N.P.

PLAINTIFFS' EXHIBIT P-237

Oct. 24, 1929

Exhibits.

P-237.
Letter
to Lord
Shaugh-
nessy from
Lady Davis,
24th Octo-
ber 1929.

Dear Lord Shaughnessy,

10 I cabled you last year to buy one thousand shares of Canadian Alcohol stock and to use my McNish bonds as collateral. I note that you have me down as owing the Company \$39,600. I thought that this would be carried by a bank or broker. It was never my intention to borrow money from the Sir Mortimer Davis Inc. nor have I ever authorized any loans.

Will you please send me the broker's contract for this purchase, also my McNish bonds and all of my Alcohol stock. Am enclosing check to cover the amount.

Very truly,

ELEANOR DAVIS.

20

PLAINTIFFS' EXHIBIT P-238

Montreal, October 28th, 1929

Lady Davis,
Ritz Carlton Hotel,
Montreal, Que.

Dear Lady Davis,

30 I beg to acknowledge receipt of your favor of the 24th inst. which only arrived here late on Saturday morning and, consequently, remained unanswered until today as it was necessary for me to enquire into the facts of this transaction before answering.

I find that on October 11th, 1928, you cabled me as follows:

"Buy 1000 Canadian Industrial Alcohol,
use McNish Bonds for security."

40 We felt that, as you were probably buying this stock for a turn and would liquidate it if it realized a profit, you desired the transaction put through this office or else you would probably deal with the Bank or brokers direct and, upon this assumption, we purchased the stock and held it and the McNish Debentures as security for the advance, which I might say was good and sufficient.

We cabled you on the same date as follows:
"Have bought 1000 shares average price 40¼,
will hold bonds as requested."

P-238.
Letter to
Lady Davis
from Lord
Shaugh-
nessy,
28th Octo-
ber 1929.

From the above you must have understood that we were holding the bonds and this appeared to meet with your approval since no objection was taken thereto. I understood from Mr. Reaper, further, that on June 1st a statement was given to you of your accounts, which indicated clearly this transaction and to which you did not, in any way, demur.

Exhibits.
P-238.
Letter to
Lady Davis
from Lord
Shaugh-
nessy,
28th Octo-
ber 1929—
continued.

I regret exceedingly if the matter should have been handled otherwise than you desired and can assure you that we had no intention of doing anything but complying with your instructions.
10 We acknowledge receipt of your cheque for \$39,536.87 and will forward to you immediately the broker's notes covering the 1000 shares, the shares themselves, your McNish Bonds and all your other Alcohol stocks.

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED,
SHAUGHNESSY,
President.

20

PLAINTIFFS' EXHIBIT P-226

Received from Sir Mortimer Davis, Incorporated, Certificate No. 2987, Robt. McNish Co. Limited for Debentures of the par value of \$31,440. being 6,288 Debentures of the par value of \$5. each.

Certificates of Canadian Industrial Alcohol Co. Limited Common Stock—

P-226.
Receipt to
Incor-
porated
Company
for securi-
ties from
Lady Davis,
28th Octo-
ber 1928.

	In the Name Of	Shares
30 A6065-A6034-5-6,	O'Brien & Williams,	4 x 100—400
B41512-9 inc.	do	8 x 25—200
B41687-B40004,	Greenshields & Co.	
B40261-B40333,	do	
B40631-B40286-7,	do	
B40258-9-B40260,	do	10 x 25—250
B41430-B41482,	Matthewson, McLennan & Molson,	2 x 25— 50
B40803-4-5-B38187,	Bruneau & Rinvile,	4 x 25—100
	making a total of	1000 shares

as per Bought Slip of Redpath & Company attached.

40

ALSO:

Certificates of Canadian Industrial Alcohol Limited in your name—

	Common Stock
D002	2640 shares
D089	1600 “
D179	1000 “
D202	1048 “
	6288 “

Exhibits.

P-226.

Receipt to
Incor-
porated
Company
for securi-
ties from
Lady Davis,
28th Octo-
ber 1928—
continued.

— 315 —

These Certificates represent all securities held by you on my account.

Montreal, October 28th, 1929.

ELEANOR DAVIS.

10

PLAINTIFFS' EXHIBIT P-12 (a)

November 21st, 1929.

Personal.

The Right Honourable Lord Shaughnessy,
Canada Cement Building,
Montreal.

20

Dear Lord Shaughnessy:—

I am instructed by Lady Eleanor Davis to demand the immediate relinquishment by you of the office of Joint Executor and Trustee under the Last Will of her husband, the late Sir Mortimer Davis, as also of all offices presently held by you in Sir Mortimer Davis Incorporated and all Corporations which it controls, including Canadian Industrial Alcohol Company Limited, and in default of prompt compliance with this demand to institute, on her behalf, appropriate proceedings for your removal for cause from each of such offices.

30

As the matter is most urgent, I must ask that you let me hear from you not later than Monday next, November 25th, as to whether or not the present demand will be acceded to by you.

Yours sincerely,

W. K. McKEOWN.

WKM:PAM

40

P-12 (a).
Letter
to Lord
Shaugh-
nessy from
Plaintiffs'
Attorney,
21st Nov-
ember 1929.

PLAINTIFFS' EXHIBIT P-12 (b)

November 21st, 1929.

Personal.

A. M. Reaper, Esq.,
Canada Cement Building,
Montreal.

Exhibits.

P-12 (b).
Letter
to A. M.
Reaper from
Plaintiffs'
Attorney,
21st Nov-
ember 1929.

10 Dear Sir:—

I am instructed by Lady Eleanor Davis to demand the immediate relinquishment by you of the office of Joint Executor and Trustee under the Last Will of her husband, the late Sir Mortimer Davis, as also of all offices presently held by you in Sir Mortimer Davis Incorporated and all Corporations which it controls, including Canadian Industrial Alcohol Company Limited, and in default of prompt compliance with this demand to institute, on her behalf, appropriate proceedings for your removal for cause from each of

20 such offices.

As the matter is most urgent, I must ask that you let me hear from you not later than Monday next, November 25th, as to whether or not the present demand will be acceded to by you.

Yours sincerely,

W. K. McKEOWN.

WKM:PAM

30

PLAINTIFFS' EXHIBIT P-12 (c)

Montreal, November 22nd, 1929.

W. K. McKeown, K.C.,
Royal Bank Building,
Montreal.

P-12 (c).
Letter to
Plaintiffs'
Attorney
from Lord
Shaugh-
nessy,
22nd Nov-
ember 1929.

40 Dear Sir:—

I beg to acknowledge receipt of your favor of November 21st, in respect to the demand by Lady Davis of my immediate relinquishment of the offices of Joint Executor and Trustee under the Last Will of her husband, the late Sir Mortimer Davis, and all offices held by me in Sir Mortimer Davis, Incorporated, and all corporations which it controls, including Canadian Industrial Alcohol Company, Limited.

The demand made is so ridiculous and absurd that it should be

Exhibits.

P-12 (c).
Letter to
Plaintiffs'
Attorney
from Lord
Shaugh-
nessy,
22nd Nov-
ember 1929
—continued.

— 317 —

hardly necessary for me to say that I have no intention of relinquish-
ing such offices, but quite apart from this, since you have made a very
serious statement to the effect that such demand is made for cause,
I feel that I am justly entitled to know and would appreciate if you
would instantly inform me as to the cause or causes to which you
referred, in default of which I shall be reluctantly constrained to
demand the same according to law.

Yours very truly,

10

SHAUGHNESSY.

20

PLAINTIFFS' EXHIBIT P-12 (d)

Montreal, November 22nd, 1929.

W. K. McKeown, K.C.,
Royal Bank Building,
Montreal.

Dear Sir:—

P-12 (d).
Letter to
Plaintiffs'
Attorney
from A. M.
Reaper,
22nd Nov-
ember 1929.

30 I beg to acknowledge receipt of your favor of November 21st, in
respect to the demand of Lady Davis of my immediate relinquish-
ment of the offices of Joint Executor and Trustee under the Last Will
of her husband, the late Sir Mortimer Davis, and all offices held by
me in Sir Mortimer Davis, Incorporated, and all Corporations which
it controls, including Canadian Industrial Alcohol Company, Limited.

40 The demand made is so ridiculous and absurd that it should be
hardly necessary for me to say that I have no intention of relin-
quish-
ing such offices, but quite apart from this, since you have made a
very serious statement to the effect that such demand is made for
cause, I feel that I am justly entitled to know and would appreciate
if you would instantly inform me as to the cause or causes to which
you referred, in default of which I shall be reluctantly constrained
to demand the same according to law.

Yours very truly,

A. M. REAPER.

DEFENDANTS' EXHIBIT D-4

26th November, 1929.

Exhibits.
—
D-4.
Letter to
Plaintiffs'
Attorney
from De-
fendants'
Attorneys,
26th Nov-
ember 1929.

W. K. McKeown, Esq., K.C.,
Royal Bank Building,
Montreal.

Dear Sir:

10 With reference to your conference today with Mr. G. A. Campbell, K.C., and our Mr. Holden, we shall be much obliged if (as requested at our conference) you will write us now explaining the reasons that your client has for threatening 'to institute appropriate proceedings' for the removal from office of our clients, Lord Shaughnessy and Mr. A. M. Reaper.

Yours very truly,

MEREDITH, HOLDEN, HEWARD & HOLDEN.

20

PLAINTIFFS' EXHIBIT P-20

NOTICE OF DIRECTORS' MEETING

30 Notice is hereby given that a meeting of the directors of Sir Mortimer Davis, Inc., will be held at the Company's office, Canada Cement Building, Montreal, at two-thirty o'clock on the ninth day of December, 1929, for the purpose of considering the Company's financial affairs, and the advisability of declaring a dividend of twenty-one per cent (21%) to the shareholders of record September thirtieth last.

P-20.
Notice
calling
Meeting of
Directors of
Incor-
porated
Company
for Decem-
ber 9th,
1929,
4th Dec-
ember 1929.

40 The attention of the members of the board is called to the fact that the Secretary-Treasurer has received a communication from Lord Shaughnessy intimating that whenever a dividend is declared an adjustment will be made between him and the Estate of the late Sir Mortimer Davis "by which that Estate will receive such proportion of the dividends upon the shares acquired by Lord Shaughnessy under his agreement with the late Sir Mortimer Davis as would represent the dividends on those shares that might fairly and equitably have been payable out of Surplus if dividends had been declared by that Company between the date of the death of Sir Mortimer Davis and the seventeenth September, 1929," when the shares in question became the property of Lord Shaughnessy under his agreement.

A. M. REAPER,
Secretary-Treasurer.

Montreal, December 4th, 1929.

PLAINTIFFS' EXHIBIT P-21

December 6th, 1929.

AMENDED NOTICE OF DIRECTORS' MEETING
FOR DECEMBER 9th, 1929

Exhibits.

—
P-21.
Amend
Notice of
Meeting of
Directors of
Incor-
porated
Company
for Dec-
ember 9th,
1929,
6th Dec-
ember 1929.

10 Notice is hereby given that the meeting of Directors of Sir Mortimer Davis, Incorporated, that was called to be held at the Company's office at 2.30 o'clock on the afternoon of the 9th day of December, 1929, will be held on the same day and at the same place, but at the hour of 4.00 P.M. for the purpose of considering the Company's financial affairs and the advisability of declaring a dividend at such rate as the Directors may determine to the shareholders of record on September 30th last.

20 Notice is also given that the Directors will be asked to consider the propriety of reducing the capital of the Company "to such extent as may be necessary to enable the Executors of the Estate of the late Sir Mortimer B. Davis to repay to the Company all amounts advanced by the Company and expended by the Executors on account of capital indebtedness of the said Estate and to provide for certain future requirements of the Executors on capital account."

The attention of the Directors is called to certain other matters mentioned in the previous notice.

A. M. REAPER,
Secretary-Treasurer.

30

Exhibit Group No. 7: Correspondence between M. B. Davis, Jr., and Lord Shaughnessy and A. M. Reaper

PLAINTIFFS' EXHIBIT P-275 (a)

April 29th, 1929.

A. M. Reaper, Esquire,
Canada Cement Building,
Phillips Square,
40 Montreal.

P-275 (a).
Letter
to A. M.
Reaper
from G.
Gordon
Hyde, K.C.,
29th April
1929.

My dear Mr. Reaper,

I have been out of town and on my return found your letter of the 26th instant giving me the amount of annuity paid by the Estate of Sir Mortimer B. Davis to Mortimer B. Davis.

As the executors have been carrying on the estate for over a year now, would it be possible to obtain for my client a statement showing

the result of the year's operations and the present position of the estate.

Yours very truly,

G. GORDON HYDE.

PLAINTIFFS' EXHIBIT P-275 (b)

10

MONTREAL, May 2, 1929.

G. Gordon Hyde, Esq.,
112 St. James St. W.,
Montreal, Que.

Dear Mr. Hyde,

Replying to your favor of the 29th ult., would advise that it has taken considerable time to get affairs of the Estate in France settled and arrangements have not yet been completed with the Succession Duties Department here; we are, therefore, unable to give you a statement at this time but as soon as the above matters are completed we will be pleased to do so.

Yours very truly,

FOR THE EXECUTORS ESTATE SIR MORTIMER B. DAVIS,

A. M. REAPER,

Executor.

30

PLAINTIFFS' EXHIBIT P-275 (c)

June 10, 1929.

The Right Honourable Lord Shaughnessy, K.C.,
Canada Cement Building,
Montreal.

40

RE ESTATE SIR MORTIMER B. DAVIS

Dear Lord Shaughnessy,

During your absence in Europe I wrote to Mr. Reaper asking him if it would be possible to obtain for Mr. Mortimer B. Davis, Jr., a statement showing the result of the first year's operations and the position of the Estate Sir Mortimer B. Davis. He was good enough

Exhibits.
P-275 (a).
Letter
to A. M.
Reaper
from G.
Gordon
Hyde, K.C.,
29th April
1929—con-
tinued.

P-275 (b).
Letter to
G. Gordon
Hyde, K.C.,
from A. M.
Reaper,
2nd May
1929.

Exhibits.

P-275 (c).
Letter
to Lord
Shaugh-
nessy from
G. Gordon
Hyde, K.C.,
10th June
1929—con-
tinued.

— 321 —

to tell me that as soon as such statement was prepared the Executors would be pleased to forward me a copy. If such statement is now ready I should appreciate it if you would send me a copy thereof.

Yours very truly,

G. GORDON HYDE.

10

PLAINTIFFS' EXHIBIT P-275 (d)

July 3, 1929.

The Right Honourable Lord Shaughnessy, K.C.,
Canada Cement Building,
Montreal.

Re: ESTATE SIR MORTIMER B. DAVIS

20

Dear Lord Shaughnessy:

Referring further to my letter of the 10th of June regarding the obtaining of a statement showing the result of the first year's operations and the position of the Estate Sir Mortimer B. Davis, I should appreciate it if you would let me hear from you in that connection as my client is worrying me to obtain the same for him. I shall be pleased to hear from you at your early convenience.

Yours very truly,

G. GORDON HYDE.

30

PLAINTIFFS' EXHIBIT P-275(e)

July 23, 1929.

Right Honourable Lord Shaughnessy, K.C.,
Canada Cement Building,
Montreal.

40

Re: ESTATE SIR MORTIMER DAVIS

Dear Lord Shaughnessy:

Some time ago I wrote you regarding the obtaining of a statement of the first year's operations of the above Estate but have had

P-275 (d).
Letter
to Lord
Shaugh-
nessy from
G. Gordon
Hyde, K.C.,
3rd July
1929.

P-275 (e).
Letter
to Lord
Shaugh-
nessy from
G. Gordon
Hyde, K.C.,
23rd July
1929.

Exhibits.

P-275 (e).
Letter
to Lord
Shaugh-
nessy from
G. Gordon
Hyde, K.C.,
23rd July
1929—con-
tinued.

— 322 —

no reply from you. I shall appreciate it if you will let me hear from you in this connection.

Yours very truly,

G. GORDON HYDE.

10

PLAINTIFFS' EXHIBIT P-275 (f)

MONTREAL, August 8th, 1929

20

G. Gordon Hyde, K.C.,
P.O. Box 1655,
Montreal, Que.

P-275 (f).
Letter to
G. Gordon
Hyde, K.C.,
from A. M.
Reaper,
8th August
1929.

Dear Sir,

As per your request on behalf of Mr. Mortimer B. Davis, we enclose herewith copy of statements of Revenue and Capital accounts from March 22, 1928 to May 31st, 1929, also statement of Estimated Revenue Account for one year and statement of Assets and Liabilities as at May 31st, 1929.

30

As final adjustment has not been effected with the Succession Duties Department the valuation of assets shown on the statement is in conformity to the return made by the Executors which might, or might not, be accepted by the Succession Duties Department.

There is also some question as to liability for Income Tax. Sir Mortimer considered he was not liable and we are taking this position but the Department are not disposed to this view. If decision should go against the Estate, it will be a considerable amount and, of course, will greatly increase the liabilities.

40

Yours very truly,

ESTATE SIR MORTIMER B. DAVIS,

A. M. REAPER,

Executor.

PLAINTIFFS' EXHIBIT P-275 (g)

MONTREAL, August 8th, 1929.

Exhibits.
—
P-275 (g).
Letter
to A. M.
Reaper from
G. Gordon
Hyde, K.C.,
8th August
1929.

A. M. Reaper, Esq.,
Executor, Estate Sir Mortimer B. Davis,
Canada Cement Bldg.,
Montreal, Que.

10 Dear Mr. Reaper,

Please accept my thanks for your favor of the 8th inst. enclosing copies of the statements therein mentioned.

I note your remarks regarding these Statements and the possibility of further payment being required on account of Income Tax.

Yours very truly,

(Sgd.) G. GORDON HYDE.

20

Exhibit Group No. 8: Minutes of Meetings of Executors and Trustees

DEFENDANTS' EXHIBIT D-2

30 MINUTES OF FIRST MEETING OF EXECUTORS OF ESTATE SIR MORTIMER B. DAVIS, HELD AT THE OFFICE OF SIR MORTIMER DAVIS, INCORPORATED, ON WEDNESDAY, APRIL 25TH, 1928, AT 3.30 P.M.

D-2.
Minutes of
Executors
of Estate
Sir Mortimer
Davis,
25th April
1928.

The Will of the late Sir Mortimer was reported as having been probated on April 18th, 1928.

STATEMENT was submitted showing position of Estate, and was fully explained.

40 DONATIONS AND OTHER CONTRACTS by Sir Mortimer were discussed and it was agreed that legal advice be obtained regarding some of these. It was resolved that necessary action be taken to have certain donations, which had either been cancelled or transferred back to Sir Mortimer, put in possession of the Estate.

RE ESTATE IN FRANCE, letter was read from Mr. J. S. Kandelafté, explaining that all real estate was held by Societe Daviso and then leased to Sir Mortimer. He also gave details as to position of various bank accounts and some particulars regarding racing stable. Fuller report, with regard to inventories and value of shares, was promised later.

RE PROPERTY IN CANADA. It was resolved that inventories be proceeded with, and all necessary steps to comply with requirements regarding filing of returns for Succession Duties.

FUNERAL EXPENSES. Accounts were presented and agreed to be paid with exception of that from Bernard J. Lane, which was to be held until fuller details were supplied. It was agreed that the travelling expenses to Canada of Mr. Mortimer B. Davis, amounting to \$1,210, be paid.

- 10 RE MARGIN ACCOUNTS. It was resolved that stocks of Victor Talking Machine and Tobacco Products be sold. Stock of Liggett & Myers Company were to be held until a more satisfactory price could be obtained.

PINE AVE. PROPERTY, PROPERTY AT STE. AGATHE (Residence and Farm), RACING STABLE IN FRANCE. It was agreed that all of these be sold, when satisfactory prices could be obtained

- 20 Y.M.H.A. BLDG. Lord Shaughnessy explained his understanding with Sir Mortimer regarding building he had promised to erect for this Association and it was resolved that the work be proceeded with.

BANKING. It was resolved that an account be opened in the name of the Estate in the Canadian Bank of Commerce and that Lord Shaughnessy and A. M. Reaper be authorized to sign jointly all documents on behalf of the Estate.

It was also resolved that an account be similarly opened in the Bank of Montreal, Ste. Agathe.

- 30 VOTING STOCK. It was resolved that Lord Shaughnessy and A. M. Reaper be and they are hereby authorized to vote any or all shares of stock of any Company presently owned or which may at any time be owned, on behalf of the Estate.

RE ANNUITIES. It was reported that payments had been made on March 31st or April 1st, to all parties who had been regularly receiving gratuities from Sir Mortimer, so that payments would be continuous, which was approved, and it was resolved that payments to annuitants, as provided for by the Will, be continued on the

- 40 1st of each month.

ELEANOR DAVIS, }
SHAUGHNESSY, } Executors.
A. M. REAPER. }

Exhibits.

D-2.

Minutes of
Executors
of Estate
Sir Mortimer
Davis,
25th April
1928—con-
tinued.

DEFENDANTS' EXHIBIT D-135

ESTATE SIR MORTIMER B. DAVIS.

COPY OF MINUTES OF MEETING OF EXECUTORS OF ESTATE SIR MORTIMER B. DAVIS, HELD AT THE OFFICE OF SIR MORTIMER DAVIS, INCORPORATED, ON FRIDAY, OCTOBER 18th, 1929, AT 3.00 P.M.

Exhibits.

D-135.
Minutes of
Executors
of Estate,
18th Octo-
ber 1929.

10 There were present:

Lord Shaughnessy
Lady Eleanor Davis
A. M. Reaper.

RE ESTATE IN FRANCE. Requests from Mr. J. S. Kandelafté for Frs. 1,000,000 on account of Societe Daviso were submitted and it was resolved that this amount be transmitted.

20 RE LIGGETT & MYERS STOCK. The question of disposing of this stock was considered and the price which should be obtained. In view of the apparent improvement in the tobacco business, it was decided to hold stock for the present.

RE PINE AVE. AND STE. AGATHE PROPERTIES. It was reported that an offer of \$200,000 for Pine Ave. and \$55,000 for Ste. Agathe could be secured if it was thought these prices would be accepted but it was decided these prices were too low and that our asked prices of \$300,000 and \$100,000 be maintained.

30 RE BAMBERGER BROS. It was reported that this account had been paid up, funds having been secured from the Bank here against the securities as collateral.

RE ACCOUNTS. Accounts of Bernard Lane and of Temple Emanu-El were discussed and it was agreed to write Mr. Lane requesting full particulars. With regard to Temple Emanu-El, it was agreed to tender them \$1,000 in full for all services.

40 RE MORTIMER B. DAVIS. Letter was read from Mr. J. S. Kandelafté enclosing account for storage on certain articles of Mr. Mortimer and it was resolved that this communication be forwarded to Mr. Davis.

RE MEMORIAL. It was reported that order had been placed with J. Brunet Limited, who was now working on same.

RE INCOME TAX AND SUCCESSION DUTIES. It was reported that there was a possibility of the Income Tax Department

Exhibits.
—
D-135.
Minutes of
Executors
of Estate,
18th Octo-
ber 1929—
continued.

making an assessment against the Estate. Sir Mortimer had claimed he was not liable and the same position had been taken. Negotiations were still being carried on with the Succession Duties Department.

(Sgd.) SHAUGHNESSY } Executors and
(Sgd.) A. M. REAPER } Trustees.

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Exhibit Group No. 9: Re Appropriation of Rolls Royce Automobile

Exhibits.

P-39.

Photograph of application by Lord Shaughnessy for registration of Rolls touring car owned by Estate, 1st June 1928.

PLAINTIFFS' EXHIBIT P-39

<p>FILL IN HERE FOR REGISTRATION</p> <p>V-21 Application for registration No. <u>78289</u></p>		<p>FILL IN HERE FOR LICENSES</p> <p>Application for license No. <u>576</u></p>	
<p>1. Type? (Limousine, sedan, truck or etc.) <u>Touring</u></p>		<p>46. Convictions for violation of the Motor Vehicle Act or of the Criminal Code?</p>	
<p>2. Make? <u>Rolls Royce</u></p>		<p>Particulars (d) IF A DEALER</p>	
<p>3. Maker's number? <u>36MA 332</u></p>		<p>47. Place of business in the Province? Locality _____ No. _____ Street _____</p>	
<p>4. Serial or other number? <u>4</u></p>		<p>48. Number of vehicles kept for sale or delivery-markers required? _____</p>	
<p>5. Year of purchase? <u>1914</u></p>		<p>49. Garage situated at? Locality _____ No. _____ Street _____</p>	
<p>6. Name of person to whom sold? <u>Dr. Malcom Ross</u></p>		<p>50. Changes? _____</p>	
<p>7. Date of purchase? <u>1914</u></p>		<p>51. Repeats? _____</p>	
<p>8. Name of person to whom sold? <u>Dr. Malcom Ross</u></p>		<p>52. Storage? _____</p>	
<p>9. Name of person to whom sold? <u>Dr. Malcom Ross</u></p>		<p>53. If chauffeur's or operator's licenses? _____</p>	
<p>10. Name of person to whom sold? <u>Dr. Malcom Ross</u></p>		<p>Date of examination? _____</p>	
<p>11. New vehicle? <u>No</u></p>		<p>If examination successful? _____</p>	
<p>12. Model or year? <u>1914</u></p>		<p>Signature of Examinee? <u>Shaughnessy</u></p>	
<p>13. Vehicle purchased from? <u>Dr. Malcom Ross</u></p>		<p>Signature of applicant, or company, signature of his representative? <u>Shaughnessy</u></p>	
<p>14. No. of title? <u>OK</u></p>		<p>Date of application? <u>JUN 1 1928</u></p>	
<p>15. Date of inspection of brakes? <u>OK</u></p>		<p>License fee _____</p>	
<p>16. Kind of vehicle? (a) <u>Pleasure</u></p>		<p>40. Examination successful? _____</p>	
<p>17. Solid or pneumatic tires? _____</p>		<p>41. Use of marks indicating inspection? _____</p>	
<p>18. Weight without load? (Registration fee, markers included) _____</p>		<p>42. Use of marks indicating inspection? _____</p>	
<p>19. Weight with load? _____</p>		<p>43. Use of marks indicating inspection? _____</p>	
<p>20. Front? _____</p>		<p>44. Use of marks indicating inspection? _____</p>	
<p>21. Centre? _____</p>		<p>45. Use of marks indicating inspection? _____</p>	
<p>22. Rear? _____</p>		<p>46. Use of marks indicating inspection? _____</p>	
<p>23. Lamps? <u>yes</u></p>		<p>47. Use of marks indicating inspection? _____</p>	
<p>24. Mirrors? <u>yes</u></p>		<p>48. Use of marks indicating inspection? _____</p>	
<p>25. Bells? <u>yes</u></p>		<p>49. Use of marks indicating inspection? _____</p>	
<p>26. Horn? <u>yes</u></p>		<p>50. Use of marks indicating inspection? _____</p>	
<p>27. Spare tire? <u>yes</u></p>		<p>51. Use of marks indicating inspection? _____</p>	
<p>28. Spare tire? <u>yes</u></p>		<p>52. Use of marks indicating inspection? _____</p>	
<p>29. Spare tire? <u>yes</u></p>		<p>53. Use of marks indicating inspection? _____</p>	
<p>30. Spare tire? <u>yes</u></p>		<p>54. Use of marks indicating inspection? _____</p>	
<p>31. Spare tire? <u>yes</u></p>		<p>55. Use of marks indicating inspection? _____</p>	
<p>32. Spare tire? <u>yes</u></p>		<p>56. Use of marks indicating inspection? _____</p>	
<p>33. Spare tire? <u>yes</u></p>		<p>57. Use of marks indicating inspection? _____</p>	
<p>34. Spare tire? <u>yes</u></p>		<p>58. Use of marks indicating inspection? _____</p>	
<p>35. Spare tire? <u>yes</u></p>		<p>59. Use of marks indicating inspection? _____</p>	
<p>36. Spare tire? <u>yes</u></p>		<p>60. Use of marks indicating inspection? _____</p>	
<p>37. Spare tire? <u>yes</u></p>		<p>61. Use of marks indicating inspection? _____</p>	
<p>38. Spare tire? <u>yes</u></p>		<p>62. Use of marks indicating inspection? _____</p>	
<p>39. Spare tire? <u>yes</u></p>		<p>63. Use of marks indicating inspection? _____</p>	
<p>40. Spare tire? <u>yes</u></p>		<p>64. Use of marks indicating inspection? _____</p>	
<p>41. Spare tire? <u>yes</u></p>		<p>65. Use of marks indicating inspection? _____</p>	
<p>42. Spare tire? <u>yes</u></p>		<p>66. Use of marks indicating inspection? _____</p>	
<p>43. Spare tire? <u>yes</u></p>		<p>67. Use of marks indicating inspection? _____</p>	
<p>44. Spare tire? <u>yes</u></p>		<p>68. Use of marks indicating inspection? _____</p>	
<p>45. Spare tire? <u>yes</u></p>		<p>69. Use of marks indicating inspection? _____</p>	
<p>46. Spare tire? <u>yes</u></p>		<p>70. Use of marks indicating inspection? _____</p>	
<p>47. Spare tire? <u>yes</u></p>		<p>71. Use of marks indicating inspection? _____</p>	
<p>48. Spare tire? <u>yes</u></p>		<p>72. Use of marks indicating inspection? _____</p>	
<p>49. Spare tire? <u>yes</u></p>		<p>73. Use of marks indicating inspection? _____</p>	
<p>50. Spare tire? <u>yes</u></p>		<p>74. Use of marks indicating inspection? _____</p>	
<p>51. Spare tire? <u>yes</u></p>		<p>75. Use of marks indicating inspection? _____</p>	
<p>52. Spare tire? <u>yes</u></p>		<p>76. Use of marks indicating inspection? _____</p>	
<p>53. Spare tire? <u>yes</u></p>		<p>77. Use of marks indicating inspection? _____</p>	
<p>54. Spare tire? <u>yes</u></p>		<p>78. Use of marks indicating inspection? _____</p>	
<p>55. Spare tire? <u>yes</u></p>		<p>79. Use of marks indicating inspection? _____</p>	
<p>56. Spare tire? <u>yes</u></p>		<p>80. Use of marks indicating inspection? _____</p>	
<p>57. Spare tire? <u>yes</u></p>		<p>81. Use of marks indicating inspection? _____</p>	
<p>58. Spare tire? <u>yes</u></p>		<p>82. Use of marks indicating inspection? _____</p>	
<p>59. Spare tire? <u>yes</u></p>		<p>83. Use of marks indicating inspection? _____</p>	
<p>60. Spare tire? <u>yes</u></p>		<p>84. Use of marks indicating inspection? _____</p>	
<p>61. Spare tire? <u>yes</u></p>		<p>85. Use of marks indicating inspection? _____</p>	
<p>62. Spare tire? <u>yes</u></p>		<p>86. Use of marks indicating inspection? _____</p>	
<p>63. Spare tire? <u>yes</u></p>		<p>87. Use of marks indicating inspection? _____</p>	
<p>64. Spare tire? <u>yes</u></p>		<p>88. Use of marks indicating inspection? _____</p>	
<p>65. Spare tire? <u>yes</u></p>		<p>89. Use of marks indicating inspection? _____</p>	
<p>66. Spare tire? <u>yes</u></p>		<p>90. Use of marks indicating inspection? _____</p>	
<p>67. Spare tire? <u>yes</u></p>		<p>91. Use of marks indicating inspection? _____</p>	
<p>68. Spare tire? <u>yes</u></p>		<p>92. Use of marks indicating inspection? _____</p>	
<p>69. Spare tire? <u>yes</u></p>		<p>93. Use of marks indicating inspection? _____</p>	
<p>70. Spare tire? <u>yes</u></p>		<p>94. Use of marks indicating inspection? _____</p>	
<p>71. Spare tire? <u>yes</u></p>		<p>95. Use of marks indicating inspection? _____</p>	
<p>72. Spare tire? <u>yes</u></p>		<p>96. Use of marks indicating inspection? _____</p>	
<p>73. Spare tire? <u>yes</u></p>		<p>97. Use of marks indicating inspection? _____</p>	
<p>74. Spare tire? <u>yes</u></p>		<p>98. Use of marks indicating inspection? _____</p>	
<p>75. Spare tire? <u>yes</u></p>		<p>99. Use of marks indicating inspection? _____</p>	
<p>76. Spare tire? <u>yes</u></p>		<p>100. Use of marks indicating inspection? _____</p>	
<p>77. Spare tire? <u>yes</u></p>		<p>101. Use of marks indicating inspection? _____</p>	
<p>78. Spare tire? <u>yes</u></p>		<p>102. Use of marks indicating inspection? _____</p>	
<p>79. Spare tire? <u>yes</u></p>		<p>103. Use of marks indicating inspection? _____</p>	
<p>80. Spare tire? <u>yes</u></p>		<p>104. Use of marks indicating inspection? _____</p>	
<p>81. Spare tire? <u>yes</u></p>		<p>105. Use of marks indicating inspection? _____</p>	
<p>82. Spare tire? <u>yes</u></p>		<p>106. Use of marks indicating inspection? _____</p>	
<p>83. Spare tire? <u>yes</u></p>		<p>107. Use of marks indicating inspection? _____</p>	
<p>84. Spare tire? <u>yes</u></p>		<p>108. Use of marks indicating inspection? _____</p>	
<p>85. Spare tire? <u>yes</u></p>		<p>109. Use of marks indicating inspection? _____</p>	
<p>86. Spare tire? <u>yes</u></p>		<p>110. Use of marks indicating inspection? _____</p>	
<p>87. Spare tire? <u>yes</u></p>		<p>111. Use of marks indicating inspection? _____</p>	
<p>88. Spare tire? <u>yes</u></p>		<p>112. Use of marks indicating inspection? _____</p>	
<p>89. Spare tire? <u>yes</u></p>		<p>113. Use of marks indicating inspection? _____</p>	
<p>90. Spare tire? <u>yes</u></p>		<p>114. Use of marks indicating inspection? _____</p>	
<p>91. Spare tire? <u>yes</u></p>		<p>115. Use of marks indicating inspection? _____</p>	
<p>92. Spare tire? <u>yes</u></p>		<p>116. Use of marks indicating inspection? _____</p>	
<p>93. Spare tire? <u>yes</u></p>		<p>117. Use of marks indicating inspection? _____</p>	
<p>94. Spare tire? <u>yes</u></p>		<p>118. Use of marks indicating inspection? _____</p>	
<p>95. Spare tire? <u>yes</u></p>		<p>119. Use of marks indicating inspection? _____</p>	
<p>96. Spare tire? <u>yes</u></p>		<p>120. Use of marks indicating inspection? _____</p>	
<p>97. Spare tire? <u>yes</u></p>		<p>121. Use of marks indicating inspection? _____</p>	
<p>98. Spare tire? <u>yes</u></p>		<p>122. Use of marks indicating inspection? _____</p>	
<p>99. Spare tire? <u>yes</u></p>		<p>123. Use of marks indicating inspection? _____</p>	
<p>100. Spare tire? <u>yes</u></p>		<p>124. Use of marks indicating inspection? _____</p>	
<p>101. Spare tire? <u>yes</u></p>		<p>125. Use of marks indicating inspection? _____</p>	
<p>102. Spare tire? <u>yes</u></p>		<p>126. Use of marks indicating inspection? _____</p>	
<p>103. Spare tire? <u>yes</u></p>		<p>127. Use of marks indicating inspection? _____</p>	
<p>104. Spare tire? <u>yes</u></p>		<p>128. Use of marks indicating inspection? _____</p>	
<p>105. Spare tire? <u>yes</u></p>		<p>129. Use of marks indicating inspection? _____</p>	
<p>106. Spare tire? <u>yes</u></p>		<p>130. Use of marks indicating inspection? _____</p>	
<p>107. Spare tire? <u>yes</u></p>		<p>131. Use of marks indicating inspection? _____</p>	
<p>108. Spare tire? <u>yes</u></p>		<p>132. Use of marks indicating inspection? _____</p>	
<p>109. Spare tire? <u>yes</u></p>		<p>133. Use of marks indicating inspection? _____</p>	
<p>110. Spare tire? <u>yes</u></p>		<p>134. Use of marks indicating inspection? _____</p>	
<p>111. Spare tire? <u>yes</u></p>		<p>135. Use of marks indicating inspection? _____</p>	
<p>112. Spare tire? <u>yes</u></p>		<p>136. Use of marks indicating inspection? _____</p>	
<p>113. Spare tire? <u>yes</u></p>		<p>137. Use of marks indicating inspection? _____</p>	
<p>114. Spare tire? <u>yes</u></p>		<p>138. Use of marks indicating inspection? _____</p>	
<p>115. Spare tire? <u>yes</u></p>		<p>139. Use of marks indicating inspection? _____</p>	
<p>116. Spare tire? <u>yes</u></p>		<p>140. Use of marks indicating inspection? _____</p>	
<p>117. Spare tire? <u>yes</u></p>		<p>141. Use of marks indicating inspection? _____</p>	
<p>118. Spare tire? <u>yes</u></p>		<p>142. Use of marks indicating inspection? _____</p>	
<p>119. Spare tire? <u>yes</u></p>		<p>143. Use of marks indicating inspection? _____</p>	
<p>120. Spare tire? <u>yes</u></p>		<p>144. Use of marks indicating inspection? _____</p>	
<p>121. Spare tire? <u>yes</u></p>		<p>145. Use of marks indicating inspection? _____</p>	
<p>122. Spare tire? <u>yes</u></p>		<p>146. Use of marks indicating inspection? _____</p>	
<p>123. Spare tire? <u>yes</u></p>		<p>147. Use of marks indicating inspection? _____</p>	
<p>124. Spare tire? <u>yes</u></p>		<p>148. Use of marks indicating inspection? _____</p>	
<p>125. Spare tire? <u>yes</u></p>		<p>149. Use of marks indicating inspection? _____</p>	
<p>126. Spare tire? <u>yes</u></p>		<p>150. Use of marks indicating inspection? _____</p>	
<p>127. Spare tire? <u>yes</u></p>		<p>151. Use of marks indicating inspection? _____</p>	
<p>128. Spare tire? <u>yes</u></p>		<p>152. Use of marks indicating inspection? _____</p>	
<p>129. Spare tire? <u>yes</u></p>		<p>153. Use of marks indicating inspection? _____</p>	
<p>130. Spare tire? <u>yes</u></p>		<p>154. Use of marks indicating inspection? _____</p>	
<p>131. Spare tire? <u>yes</u></p>		<p>155. Use of marks indicating inspection? _____</p>	
<p>132. Spare tire? <u>yes</u></p>		<p>156. Use of marks indicating inspection? _____</p>	
<p>133. Spare tire? <u>yes</u></p>		<p>157. Use of marks indicating inspection? _____</p>	
<p>134. Spare tire? <u>yes</u></p>		<p>158. Use of marks indicating inspection? _____</p>	
<p>135. Spare tire? <u>yes</u></p>		<p>159. Use of marks indicating inspection? _____</p>	
<p>136. Spare tire? <u>yes</u></p>		<p>160. Use of marks indicating inspection? _____</p>	
<p>137. Spare tire? <u>yes</u></p>		<p>161. Use of marks indicating inspection? _____</p>	
<p>138. Spare tire? <u>yes</u></p>		<p>162. Use of marks indicating inspection? _____</p>	
<p>139. Spare tire? <u>yes</u></p>		<p>163. Use of marks indicating inspection? _____</p>	
<p>140. Spare tire? <u>yes</u></p>		<p>164. Use of marks indicating inspection? _____</p>	
<p>141. Spare tire? <u>yes</u></p>		<p>165. Use of marks indicating inspection? _____</p>	
<p>142. Spare tire? <u>yes</u></p>		<p>166. Use of marks indicating inspection? _____</p>	
<p>143. Spare tire? <u>yes</u></p>		<p>167. Use of marks indicating inspection? _____</p>	
<p>144. Spare tire? <u>yes</u></p>		<p>168. Use of marks indicating inspection? _____</p>	
<p>145. Spare tire? <u>yes</u></p>		<p>169. Use of marks indicating inspection? _____</p>	
<p>146. Spare tire? <u>yes</u></p>		<p>170. Use of marks indicating inspection? _____</p>	
<p>147. Spare tire? <u>yes</u></p>		<p>171. Use of marks indicating inspection? _____</p>	
<p>148. Spare tire? <u>yes</u></p>		<p>172. Use of marks indicating inspection? _____</p>	
<p>149. Spare tire? <u>yes</u></p>		<p>173. Use of marks indicating inspection? _____</p>	
<p>150. Spare tire? <u>yes</u></p>		<p>174. Use of marks indicating inspection? _____</p>	
<p>151. Spare tire? <u>yes</u></p>		<p>175. Use of marks indicating inspection? _____</p>	
<p>152. Spare tire? <u>yes</u></p>		<p>176. Use of marks indicating inspection? _____</p>	
<p>153. Spare tire? <u>yes</u></p>		<p>177. Use of marks indicating inspection? _____</p>	
<p>154. Spare tire? <u>yes</u></p>		<p>178. Use of marks indicating inspection? _____</p>	
<p>155. Spare tire? <u>yes</u></p>		<p>179. Use of marks indicating inspection? _____</p>	
<p>156. Spare tire? <u>yes</u></p>		<p>180. Use of marks indicating inspection? _____</p>	
<p>157. Spare tire? <u>yes</u></p>		<p>181. Use of marks indicating inspection? _____</p>	
<p>158. Spare tire? <u>yes</u></p>		<p>182. Use of marks indicating inspection? _____</p>	
<p>159. Spare tire? <u>yes</u></p>		<p>183. Use of marks indicating inspection? _____</p>	
<p>160. Spare tire? <u>yes</u></p>		<p>184. Use of marks indicating inspection? _____</p>	
<p>161. Spare tire? <u>yes</u></p>		<p>185. Use of marks indicating inspection? _____</p>	
<p>162. Spare tire? <u>yes</u></p>		<p>186. Use of marks indicating inspection? _____</p>	
<p>163. Spare tire? <u>yes</u></p>		<p>187. Use of marks indicating inspection? _____</p>	
<p>164. Spare tire? <u>yes</u></p>		<p>188. Use of marks indicating inspection? _____</p>	
<p>165. Spare tire? <u>yes</u></p>		<p>189. Use of marks indicating inspection? _____</p>	
<p>166. Spare tire? <u>yes</u></p>		<p>190. Use of marks indicating inspection? _____</p>	
<p>167. Spare tire? <u>yes</u></p>		<p>191. Use of marks indicating inspection? _____</p>	
<p>168. Spare tire? <u>yes</u></p>		<p>192. Use of marks indicating inspection? _____</p>	
<p>169. Spare tire? <u>yes</u></p>		<p>193. Use of marks indicating inspection? _____</p>	
<p>170. Spare tire? <u>yes</u></p>		<p>194. Use of marks indicating inspection? _____</p>	
<p>171. Spare tire? <u>yes</u></p>		<p>195. Use of marks indicating inspection? _____</p>	
<p>172. Spare tire? <u>yes</u></p>		<p>196. Use of marks indicating inspection? _____</p>	
<p>173. Spare tire? <u>yes</u></p>		<p>197. Use of marks indicating inspection? _____</p>	
<p>174. Spare tire? <u>yes</u></p>		<p>198. Use of marks indicating inspection? _____</p>	
<p>175. Spare tire? <u>yes</u></p>		<p>199. Use of marks indicating inspection? _____</p>	
<p>176. Spare tire? <u>yes</u></p>		<p>200. Use of marks indicating inspection? _____</p>	
<p>177. Spare tire? <u>yes</u></p>		<p>201. Use of marks indicating inspection? _____</p>	
<p>178. Spare tire? <u>yes</u></p>		<p>202. Use of marks indicating inspection? _____</p>	
<p>179. Spare tire? <u>yes</u></p>		<p>203. Use of marks indicating inspection? _____</p>	
<p>180. Spare tire? <u>yes</u></p>		<p>204. Use of marks indicating inspection? _____</p>	
<p>181. Spare tire? <u>yes</u></p>		<p>205. Use of marks indicating inspection? _____</p>	
<p>182. Spare tire? <u>yes</u></p>		<p>206. Use of marks indicating inspection? _____</p>	
<p>183. Spare tire? <u>yes</u></p>		<p>207. Use of marks indicating inspection? _____</p>	
<p>184. Spare tire? <u>yes</u></p>		<p>208. Use of marks indicating inspection? _____</p>	
<p>185. Spare tire? <u>yes</u></p>		<p>209. Use of marks indicating inspection? _____</p>	
<p>186. Spare tire? <u>yes</u></p>		<p>210. Use of marks indicating inspection? _____</p>	
<p>187. Spare tire? <u>yes</u></p>		<p>211. Use of marks indicating inspection? _____</p>	
<p>188. Spare tire? <u>yes</u></p>		<p>212. Use of marks indicating inspection? _____</p>	
<p>189. Spare tire? <u>yes</u></p>		<p>213. Use of marks indicating inspection? _____</p>	
<p>190. Spare tire? <u>yes</u></p>		<p>214. Use of marks indicating inspection? _____</p>	
<p>191. Spare tire? <u>yes</u></p>		<p>215. Use of marks indicating inspection? _____</p>	
<p>192. Spare tire? <u>yes</u></p>			

PLAINTIFFS' EXHIBIT P-32

Montreal, September 17th, 1929.

Exhibits. 10 Estate Sir Mortimer B. Davis, Inc.,
Canada Cement Co. Building,
Montreal.

P-32.

Letter
cancelling
Lloyd's
Public
Liability
Policy on
Rolls
touring car,
for 1929,
17th Sept-
ember 1929.

"Attention Mr. Reaper"

Dear Sirs:—

We have cancelled Lloyd's Automobile policy No. D-29973,
covering 1913 Rolls Royce Touring, as of September 12th, and have
allowed a credit of \$65.99 on the enclosed account, being the return
premium thereon.

20

Trusting you will find all in order,

Yours very truly,

ROBERT HOWARD & Co. LIMITED
J. O'CONNOR.

/EM.
Encl.

30

40

Exhibits.

Exhibit Group No. 10: Re Appropriation of Dining Room Furniture

P-24.
List of furniture belonging to Estate removed from Pine Avenue house by Lord Shaughnessy, 25th October 1928.

PLAINTIFFS' EXHIBIT P-24

Oct. 25, 1928.

DELIVERED TO LORD SHAUGHNESSY

- 10 1 Dining Room Table and Cover (tapestry)
- 2 Arm Chairs
- 10 Ordinary Chairs
- 1 Footstool (from large hall downstairs)
- 2 Chairs (from hall upstairs)

(Signed) W. G.

20

DEFENDANTS' EXHIBIT D-61

ON THIS DAY the first of May in the year Nineteen Hundred and twenty-eight.

- 30 BEFORE ME, EDWARD W. H. PHILLIPS, the Undersigned Notary Public for the Province of Quebec, in the Dominion of Canada, practising in the City of Montreal, in said Province,

D-61.
Oath of Valuators, J. S. Penman and D. S. Fraser, 1st May 1928.

PERSONALLY CAME AND APPEARED,

- 40 JOHN S. PENMAN AND DAVID S. FRASER, both of the City of Montreal, Auctioneers, being the Appraisers chosen for the purpose of the inventory of the Estate of the late Sir Mortimer B. Davis, in his lifetime of the said City of Montreal, Knight, who being duly sworn under oath administered to them by me the undersigned Notary do hereby promise that they will appraise and value at their real value all movable property and effects submitted to them for the purposes of the said Inventory, the whole to the best of their knowledge and ability.

THUS DONE AND EXECUTED en brevet at the said City of Montreal on the date and day first aforesaid and signed by the said Appraisers hereto in the presence of me the said Notary also hereunto

Exhibits.

D-61.

Oath of Valuators, J. S. Penman and D. S. Fraser, 1st May 1928—continued.

subscribing, these presents having been first duly read according to law.

JOHN S. PENMAN
DAVID S. FRASER
E. W. H. PHILLIPS, N.P.

10

DEFENDANTS' EXHIBIT D-62

INVENTORY AND VALUATION OF FURNITURE AND EFFECTS in Residence No. 516 Pine Avenue West, Montreal, belonging to Estate late Sir Mortimer Davis, for Succession Duty purposes, made by Fraser Bros. on the 5th May, 1928:

D-62.

Inventory of contents of Pine Avenue house.

20 BOX ROOM
2 ladders \$ 1.00
6 hampers and baskets 4.00
1 trunk and clothings 15.00
5 trunks and auto case 5.00
4 Japanese bronze urns 12.00
1 basket of linen 3.00
1 chest, containing: 2 bear rugs, drapes &c., 2 picture lights 15.00
30 LAUNDRY
1 electric washing machine 10.00
3 tables, 1 chair, set of steps 6.00
7 baskets and hampers 3.00
1 electric fan 5.00
Laundry stove, irons, 4 electric irons 6.00
Boiler, scuttle and pail 2.00
Lot linen and blanket (in basket) 5.00
Clothes dryer and ironing board 2.00
40 BASEMENT HALL
Refrigerator (3-door, metal and tile) 15.00
IRONING ROOM
Electric iron, 2 brushes, board and jars (Door off the room locked) 2.00

MAID'S ROOM

Carpet, bed, bedding, bureau, 2 tables, 3 chairs, cushion, curtains, bracket, 2 mirrors, and mat, in bathroom . . . 15.00

MAID'S ROOM, No. 2

Bureau; chiffonier, 2 tables, 1 chair, 1 spring, 1 mattress, electric heater, basket, curtains 12.00

10 BASEMENT CORRIDOR

Linoleum, mat, basket, 2 tins, floor brushes 5.00

LARDER

2 stock tins, scale, tins, crocks, kitchen linen 15.00

KITCHEN

2 tables, stool, chair, clock, kitchen utensils, crockery . . . 20.00

20

FURNACE ROOM

7 ash cans, scuttle, hose, ladder, matting, axe, etc. 3.00

SERVANTS' DINING ROOM

Rug, curtains, table and covers, 11 chairs, table, 2 pictures, cutlery box, cutlery, 3 ornaments, lot books, crockery and glassware 25.00

30 MAID'S ROOM No. 3

Rugs, curtains, bed and bedding, table, chair and bureau. 12.00

SERVANTS' ROOM No. 4

Rug, curtains, 2 bureaus, side table, 2 centre tables, 3 chairs, screens, 2 beds and bedding 40.00

PANTRY

40 83 Cauldon ware plates, 65 assorted Doulton ware plates, 12 plates Wedgewood, 24 assorted plates Limoges, 12 plates Colport, 10 plates various 100.00
 12 bouillon cup and saucers Cauldon 12.00
 12 Sherbert and saucers Wedgewood 6.00
 Odd lot pink tea ware 2.00
 1 tea set, Doulton 10.00
 50-piece breakfast set, gold border, Cauldon 15.00

Exhibits.
 —
 D-62.
 Inventory
 of contents
 of Pine
 Avenue
 house—con-
 tinued.

	75 pieces fancy cups and saucers, assorted	25.00
	15 goblets, 52 wine glasses, assorted	7.00
	26 tumblers, assorted	3.00
	4 circular Sheffield trays, grape vine design	40.00
	2 salvers, EP	10.00
	5 EP flower vases	2.00
	2 marmalade jars, tea pot, water jug, egg boiler	5.00
	Electric percolator, cruet, bell, mustard sugar shaker, tea strainer, match box	6.00
10	3 oval salvers, 2 entrée dishes, Sheffield grape vine	35.00
	EP. bread tray, case 12-piece fruit set, 2 nut crackers, cigar cutter	10.00
	EP bread tray, 2 crumb scoops, curate, tea pot stand	7.00
	2 entrée dishes	15.00
	EP soup tureen, 2 Sheffield cake baskets	30.00
	4 toast racks with lamps	8.00
	8 Sheffield glass holders	4.00
	14 decanters, various	10.00
20	6 whiskey jugs, 14 finger bowls, 6 ice plates	2.00
	4 celery trays	1.00
	132-piece set glassware, Bohemian	50.00
	107 glasses and tumblers, various	10.00
	10 thermos and jugs, various	10.00
	4 trays, dish, ash trays, humidors	2.00
	24 fish knives and forks (pearl handle)	10.00
	12 butter spreads	2.00
	15 fruit knives and forks	2.00
	7 pieces silver spoons and forks	4.00
30	1 pair fish carvers, lifter, 5 spoons and knives	3.00
	98-piece set, flat ware, initialed	20.00
	2 pair carvers	2.00
	Lot candle shades	2.00
	Chafing dish and lamp	3.00
	Copper grill	1.00
	Lunch basket	5.00
	Lot platters, trays, 3 leather thermos cases	2.00
	Lot table linen, mats and towels	10.00
	4 candlesticks, lot flower vases	5.00
40	2 cupboards (locked), table, chair, clock, mops, garbage can, mirror, clothes basket, sundries	5.00
	EP toast tray, syrup jug, bread lifter, 2 Sheffield vases ..	10.00
	DINING ROOM	
	Large Oriental rug	200.00
	Walnut dining table and cover, 12 chairs in figured crim- son plush	225.00

Exhibits.
D-62.
Inventory
of contents
of Pine
Avenue
house—con-
tinued.

4 pair crimson satin portieres and valances, sash curtains	20.00
French ormolu clock	40.00
Glass gilt frame fire screen, pair fire dogs, brass fire irons and stand	40.00
Pair large Chinese vases, on ormolu stands	70.00
1 screen	2.00

10 DRAWING ROOM

Steinway Baby Grand piano	250.00
2 inlaid French cabinets, ormolu mounted	200.00
Ormolu mounted writing table	75.00
18-piece ebony and gilt suite	300.00
4 leaf screen (hand painted)	50.00
2 marble urns, ormolu mounted	50.00
Large Chinese jardiniere on gilt stand	35.00
Japanese lacquer work table	25.00
6 small ornaments	2.00
20 Nest of 2 Japanese tables	5.00
Mahogany spiral pedestal and jardiniere	15.00
Inlaid lacquer fire screen	20.00
Carved Chinese figure	10.00
2 blue jars and covers, with ormolu mounts and stands.	40.00
2 antique fire dogs, ormolu mounted fire screen, set fire irons and stand	50.00
4 cushions	1.00
Marble basin on gilt stand	10.00
30 4 pair portieres, valances and curtains	40.00

MAIN HALL

2 Oriental rugs	200.00
Antique carved oak cabinet and bench	75.00
Pair candlesticks and drape	5.00
Bronze bust	50.00
Pair carved oak hall chairs in tapestry and foot stool	150.00
Carved oak Jacobean hall chair, cane seat and back	20.00
40 Carved oak hall cabinet	100.00
Carved marble urn on stand	20.00
Carved bowl on tripod and wood stand	10.00
Carved oak oblong settee in tapestry	40.00
Carved oak chaise longue with cushion and pillows	75.00
Gilt settee with needle point cover	75.00
2 carved oak Jacobean gate leg tables	70.00
2 carved and gilt candelabra and shade	40.00

Exhibits.
 —
 D-62.
 Inventory
 of contents
 of Pine
 Avenue
 house—con-
 tinued.

Exhibits.
 —
 D-62.
 Inventory
 of contents
 of Pine
 Avenue
 house—con-
 tinued.

	Antique Chinese lacquered chest, metal hinges and trim- mings on gilt stand	150.00
	Majolica bowl and stand	3.00
	Carved oak high back winged settee, with two arm chairs in tapestry	300.00
	2 oak stools in tapestry	30.00
	2 Jacobean tabourettes	15.00
	6 cushions	4.00
	3 ash trays, two metal holders	2.00
10	Pair bronze fire dogs, wrought iron wood stand	50.00
	Silk panel at fire place	3.00
	Oak bookstand and books	15.00
	Mirror in antique gilt frame	20.00
	Water color "Seascape," W. St. Thomas Smith	75.00
	Water color "Cattle Grazing," A. T. Groenewegen	35.00
	Carved gilt mirror placque	10.00
	Oil painting, "Sheep and Shepherd"	50.00
	Oil painting, "Woodland Stream Fishermen"	50.00
20	ENTRANCE HALL	
	Oriental rug	10.00
	Barometer	5.00
	2 vases on ormolu bases	30.00
	2 pair portieres, crimson damask	40.00
	Rubber mat and crimson plush portieres	10.00
	CLOAK ROOM	
30	Silk rug, table, bench, chair, umbrella spill, cushion, portieres, curtains, fancy bag, mat, toilet sundries ..	25.00
	Field glasses, fish rod, cane	5.00
	LIVING ROOM	
	Crimson rug	75.00
	Mahogany library table, plate glass top	75.00
	2 mahogany fern stands	40.00
	4 chairs and bench, Chippendale	75.00
	2 mahogany arm chairs	40.00
40	2 mahogany plate top end tables	20.00
	2 mahogany tabourettes, plate top	20.00
	2 mahogany tables, plate top	20.00
	Mahogany and plush wing arm chair with cushion and foot stool	100.00
	2 mahogany banner fire screens	15.00
	Chesterfield with 5 extra pillows	50.00
	Mahogany gate-leg table	15.00

	Wrought iron fire screen, dogs, poker, log and basket . . .	20.00
	Pair brass candlesticks	15.00
	2 portable lamps	10.00
	Pair portable lamps and shades	20.00
	Desk sundries	10.00
	Japanese portable lamp urn	20.00
	Bronze clock	10.00
	Pair bronze candlesticks and placques	20.00
	Plated flower vase	6.00
10	Miniature screen	2.00
	Antique mirror	25.00
	Tray, stand and flower basket	2.00
	4-piece plush portieres, valances and curtains	40.00
	154 books (various)	45.00
	5 oak C.S. chairs, 2 Japanese stands, 2 oak tabourettes, 2 card tables (in cupboard)	20.00

BREAKFAST ROOM

20	Rug, portieres and curtains	15.00
	Mahogany circular table, 6 mahogany chairs, dinner wagon and lazy Susan	125.00
	Mantle mirror	15.00
	2 brass girandols, mantle clock, 2 brass jardinieres	25.00
	Brass fender, dogs, fire screen, poker, etc.	25.00

REAR PASSAGE

	Wrought iron hat tree	5.00
30	El. vacuum sweeper, brooms, brushes, etc.	20.00

MAIN STAIR CASE

	Stair carpet	30.00
	2 framed floral placques	20.00

UPPER HALL

	Mahogany oval fern stand	20.00
	Oriental rug and 2 Oriental strips	200.00
40	Carved mahogany sofa and foot stool	100.00
	2 mahogany Chippendale chairs	50.00
	Mahogany G.F. clock	150.00
	Circular mahogany table	50.00
	Carved mahogany console table	75.00
	Mahogany bench and 2 stools	50.00
	Mahogany mirror	50.00
	2 blue and white Japanese vases on ebonized stand	40.00

Exhibits.
—
D-62.
Inventory
of contents
of Pine
Avenue
house—con-
tinued.

	Antique Majolica plaque	10.00
	2 oil paintings, floral	20.00
	4 pillows and cushions, mail box	5.00
	Chinese vase, lamp and shade	20.00
	LINEN CUPBOARD	
Exhibits.	Lot bed and table linen	275.00
—	2 volumes: Stage and Its Stars	15.00
D-62.	Radio set and camera	25.00
Inventory	Stationery	2.00
of contents	Satin table cover	2.00
10	Card table and steps	1.00
of Pine		
Avenue		
house—con-		
tinued.		
	MORNING ROOM	
	Chinese rug and mat	40.00
	2 upholstered wing arm chairs and stool	25.00
	Nest of 4 inlaid mahogany tables	25.00
	Mahogany fall leaf table	40.00
20	2 mahogany Chippendale chairs	50.00
	Mahogany arm chair	20.00
	Mahogany Ottoman, 2 tabourettes, paper basket	25.00
	Mahogany oblong table and bookshelf	25.00
	Chesterfield and 4 cushions	25.00
	Brass fender, seat, screen, dogs, irons and stand	50.00
	Desk and smoking sundries	20.00
	2 Ivory groups in cases	40.00
	Antique brass clock, pair brass candlesticks, 5 ornaments	35.00
30	Portieres and curtains	15.00
	Lot books	35.00
	LADY DAVIS' BEDROOM	
	Rug, curtains and drapes	75.00
	Grey enamel bedroom set of 15 pieces and bedding	350.00
	2 gilt mirrors	20.00
	5 coloured engravings	75.00
	4 brass candlesticks	10.00
40	Toilet and desk sundries	22.00
	Chinese vase and portable lamp	15.00
	Mantle clock and 4 ornaments	25.00
	Pair dogs and fire screen	25.00
	4 cushions	5.00
	DRESSING ROOM	
	Rug and 3 mats	20.00

	Portieres and curtains	10.00
	Dressing table, bench and 2 chairs	40.00
	Bath mat and towels	10.00
	Mirror, stool and toilet sundries	6.00
	3 coloured engravings	15.00
	2 Candlesticks, fancy lamp, 3 stands and basket	15.00
	House safe (locked)	25.00
10	BATHROOM	
	3 bath mats, shaving stand, scale, costumer, towels, shaving mirror, metal and glass table, maple basket, mirror, chair, glass jar, blind and curtains	40.00
	Radio, vitant cabinet	100.00
	Oriental rug, 2 bottle holders, 2 jap boxes, toilet sundries	30.00
	Fish rod, flask, clothing, Peter Pan gramophone, reel, card table, vibrator	30.00
20	GUEST BEDROOM	
	Donegal rug, portieres and curtains	35.00
	Enamel bedroom set of 11 pieces and bedding	225.00
	2 mirrors	20.00
	3 coloured engravings	25.00
	Desk sundries and ornaments	10.00
	Pair brass electric candlesticks and E P candelabra	20.00
	GUEST BATHROOM	
30	3 mats, basket, towel curtains, mirror, scale, stool, toilet ware	20.00
	GUEST BEDROOM NO. 2	
	Rug, portiere and curtains	15.00
	Mahogany 4 post bed, bedding, mahogany bureau and mirror, mahogany fall leaf table	125.00
	2 antique chairs and stools	20.00
	Mahogany wing arm chair and stool, chaise longue	50.00
	Book stand and books	6.00
40	Inlaid mahogany antique mirror	25.00
	Portable lamp, ornaments and 3 pictures	10.00
	Brass fender, fire irons, screen and basket	20.00
	SIDE HALL AND STAIRWAY	
	Hall and stair carpet	25.00
	Sweepers, mops, curtains and blinds	5.00

Exhibits.

D-62.
Inventory
of contents
of Pine
Avenue
house—con-
tinued.

SEWING ROOM

Singer sewing machine	10.00
Chiffonier, 5 chairs, 2 tables, paper basket, mirror, rug, oil stove, dressform, iron and board	20.00
Blankets, pillows, comforter and spread	25.00
Maids uniform, etc.	5.00

Exhibits.

D-62.
Inventory
of contents
of Pine
Avenue
house—con-
tinued.

UPPER LINEN CUPBOARD

10 Fancy masks, quilts, blanket, spread, assorted linen, towels	75.00
3 bronze groups, steps, flower stand	20.00

GUEST BEDROOM NO. 3

Rug, portieres and curtains	15.00
Mahogany 4 poster bed, bedding, 2 mahogany chest drawers, with plate tops, mirror, commode with plate top	175.00
Antique arm chair, automan	30.00
20 Portable lamp, pair candlesticks, mirror, basket	10.00
5 coloured engravings	20.00

MORTIMER DAVIS JR. OFFICE

Axminster rug, curtains and drapes	15.00
Mahogany desk and sundries	25.00
4 mahogany chairs, bench and stool	35.00
Couch and cushion	5.00

30 MORTIMER DAVIS JR. BEDROOM

Axminster rug, curtains and drapes	25.00
Mahogany 4 poster bed and bedding, antique mahogany bureau with mirror, 2 mahogany side tables	150.00
Mahogany wing chair, mahogany chair and 3 stools	25.00
Couch and cushions	5.00
Brass fender, fire basket	8.00
Antique mantel, mirror and clock	20.00
4 coloured engravings	40.00

40 BATHROOM

3 mats, basket, chair, mirror, cabinet	7.00
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SERVANTS ROOM

Rug and curtains	5.00
Bureau, chest drawers, desk, chair, rocker, tabourette, bed, bedding, picture	20.00

CUPBOARD

Drum and frames 2.00

BILLIARD ROOM

Carpet and curtains 15.00
 English billiard table, accessories and picture 150.00
 Mahogany side table, 3 mahogany chairs 50.00
 Brass fender, screen, fire basket, irons and stand 20.00
 10 4 mounted heads 10.00
 2 mahogany storm candlesticks, ebonized stand 6.00

SERVANTS ROOM

4 mats and curtains 5.00
 3 bureaus, 2 beds, 3 chairs, 2 tables, lamp, basket, stool .. 35.00
 Maid's uniform 5.00

20 BATHROOM

2 mats, chair, basket, mirror, curtain 6.00

SERVANTS BEDROOM

Carpet, curtains, 2 bureaus, bed and bedding, 2 chairs,
 table, settee, screen, 4 pictures 40.00

TOP HALL

Oriental rug, 2 strips, 2 mats 80.00
 30 Antique mahogany sofa 25.00
 Circular mahogany table 20.00
 2 oak chairs 6.00
 Blue and white jar and stand, and 4 books 5.00

CONSERVATORY

Assorted plants and urns 50.00

GARAGE

40 Exhibits. Rolls Royce car with trunks and accessories 2,500.00
 ———— 3 auto rugs 3.00
 D-62. Cupboard and tools 10.00
 Inventory of contents 2 sleighs (no value), torch light, etc. 4.00
 of Pine Avenue 5 oil tanks, ladder, harness rack and wringer 20.00
 house—con- Lot tools and hose 5.00
 tinued. Clock and 2 pictures 4.00
 Lawn mower and garden tools 10.00

Exhibits.
 ————
 D-62.
 Inventory
 of contents
 of Pine
 Avenue
 house—con-
 tinued.

GARAGE LOFT

Refrigerator, chairs, beds, etc. 15.00

GARDENER'S HOUSE

2 chairs, table, bureau 15.00

CONSERVATORY AND GREENHOUSE

Assorted plants 600.00

BELONGING TO STE. AGATHE HOUSE

8 salts and peppers, and 3 pieces glassware 4.00

\$13,472.00

LESS:

Radio set and camera \$ 25.00

Radio vitant cabinet, property of Mr. M. B. D. . . . 125.00 125.00

\$13,347.00

DEFENDANTS' EXHIBIT D-131

WALTER M. KEARNS

AUCTIONEER

1240 University St., Corner of Cathcart St.

MONTREAL,

Valuation of certain articles of furniture contained in the home of Lord Shaughnessy, made at the request of A. R. Holden, Esq., K.C.

Circassian Walnut Extension Dining Table, extra leaves, 5 burned spots on top, if as done by Cigarettes or Cigars \$ 150.00

10 Single Circassian Walnut Chairs, to match Table. (Louis XV reproductions), \$15.00 each 150.00

2 Arm Chairs to match, \$25.00 each 50.00
(The frames I found to be in very fair condition, but the covering very badly worn, so defective that total recovering would be absolutely necessary.)

40 2 Single mahogany Chairs of Chippendale design (reproductions) \$50.00 each 100.00

French Gilt Ottoman, with needlework top 250.00

TOTAL \$ 700.00

W. M. KEARNS

E. & O.E.

Valuator

Montreal

Exhibits.
D-62.
Inventory
of contents
of Pine
Avenue
house—con-
tinued.

10

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30

40

D-131.
Valuation
of furniture
by W. M.
Kearns.

No. 2144 Montreal, Canada, July 31st, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Emma Sinclair, or Order, Seventy 00—Dollars.
a/c Lord Shaughnessy.
\$70.00

10 Sir Mortimer Davis, Incorporated
Shaughnessy, Vice-President
A. M. Reaper, Secretary-Treasurer

No. 2145 Montreal, Canada, August 1st, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Elizabeth Anderson, or Order, Thirty 00— Dollars.
a/c Lord Shaughnessy.
20 \$30.00

Sir Mortimer Davis, Incorporated
Shaughnessy, Vice-President
A. M. Reaper, Secretary-Treasurer

No. 2146 Montreal, August 1st, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

30 Pay Miss Susan Braidwood, or Order, Fifty-five 00— Dollars.
a/c Lord Shaughnessy.
\$55.00.

Sir Mortimer Davis, Incorporated
Shaughnessy, Vice-President
A. M. Reaper, Secretary-Treasurer

No. 2147 Montreal, August 1st, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

40 Pay Miss Elizabeth MacDonald, or Order, Forty-five 00—Dollars.
a/c Lord Shaughnessy.
\$45.00

Sir Mortimer Davis, Incorporated
Shaughnessy, Vice-President
A. M. Reaper, Secretary-Treasurer

Exhibits.
P-45.
Cheques (33)
of Incorporated
Company to order of
personal creditors
of Lord Shaughnessy,
aggregating
\$4,684.22,
July-September 1928
—continued.

No. 2152 Montreal, Canada, August 3rd, 1928

Exhibits.

P-45.
Cheques (33)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaughnessy,
aggregating
\$4,684.22,
July-September 1928
—continued.

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.

a/c Lord Shaughnessy.

\$35.00

10

Sir Mortimer Davis, Incorporated
Shaughnessy, Vice-President
A. M. Reaper, Secretary-Treasurer

No. 2156 Montreal, Canada, August 10th, 1928

20

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Sidney Gidman, or Order, Twenty 00— Dollars.

a/c Lord Shaughnessy.

\$20.00

30

Sir Mortimer Davis, Incorporated
Shaughnessy, Vice-President
A. M. Reaper, Secretary-Treasurer

No. 2157 Montreal, Canada, August 10th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

40

Pay to James Matthews, or Order, Thirty-five 00— Dollars.

a/c Lord Shaughnessy.

\$35.00

Sir Mortimer Davis, Incorporated
Shaughnessy, Vice-President
A. M. Reaper, Secretary-Treasurer

No. 2168 Montreal, Canada, August 10th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay City of Montreal, or Order, Forty-four 00— Dollars.

a/c Lord Shaughnessy.

\$44.00

10

Sir Mortimer Davis, Incorporated
Shaughnessy, Vice-President
A. M. Reaper, Secretary-Treasurer

No. 2169 Montreal, Canada, August 10th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

20 Pay Montreal Light, Heat & Power Consolidated, or Order,
Thirty-three 40— Dollars.

a/c Lord Shaughnessy.

\$33.40

30

Sir Mortimer Davis, Incorporated
Shaughnessy, Vice-President
A. M. Reaper, Secretary-Treasurer

Exhibits.

P-45.

Cheques (33)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$4,684.22,
July-Sept-
ember 1928
—continued.

No. 2170 Montreal, Canada, August 10th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

40 Pay The Bell Telephone Co. of Canada, or Order, Twenty-
nine 20— Dollars.

a/c Lord Shaughnessy.

\$29.20

Sir Mortimer Davis, Incorporated
Shaughnessy, Vice-President
A. M. Reaper, Secretary-Treasurer

No. 2178

Montreal, Canada, August 18th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Exhibits.

P-45.
Cheques (33)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaughnessy,
aggregating
\$4,684.22,
July-September 1928
—continued.

Pay to Miss Emma Sinclair, or Order, Seventy 00-- Dollars.
a/c Lord Shaughnessy.
\$70.00

10

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2179

Montreal, Canada, August 18th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

20

Pay Charles Macfarlane, or Order, Eighty 00— Dollars.
a/c Lord Shaughnessy.
\$80.00

30

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2181

Montreal, August 21st, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

40

Pay James Matthews, or Order, Thirty-five 00— Dollars.
a/c Lord Shaughnessy.
\$35.00

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2182 Montreal, Canada, August 22nd, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Elizabeth Anderson, or Order, Thirty 00— Dollars.
a/c Lord Shaughnessy.

\$30.00

10

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2183 Montreal, Canada, August 28th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.
a/c Lord Shaughnessy.

\$35.00

30

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

Exhibits.

—
P-45.

Cheques (33)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$4,684.22,
July-Sept-
ember 1928
—continued.

No. 2193 Montreal, Canada, August 31st, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

40 Pay Receiver-General of Canada, or Order, Two thousand eight
hundred and twenty-seven 00— Dollars.

a/c Lord Shaughnessy.

\$2,827.00

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

Exhibits.
P-45.
Cheques (33)
of Incorporated
Company to order of
personal creditors
of Lord Shaughnessy,
aggregating
\$4,684.22,
July-September 1928
—continued.

No. 2201 Montreal, Canada, September 1st, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay City of Montreal, or Order, Three hundred and forty-nine 20— Dollars.

a/c Lord Shaughnessy.

10 \$349.20

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2208 Montreal, Canada, September 5th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.

a/c Lord Shaughnessy.

\$35.00

30

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2217 Montreal, Canada, September 7th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

40 Pay Miss Elizabeth MacDonald, or Order, Forty-five 00— Dollars.

a/c Lord Shaughnessy.

\$45.00

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2218 Montreal, Canada, September 7th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay The Bell Telephone Co. of Canada, or Order, Twenty-three 20— Dollars.

a/c Lord Shaughnessy.

10 \$23.20

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

20 No. 2219 Montreal, Canada, September 11th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Sydney Gidman, or Order, Twenty 00— Dollars.

a/c Lord Shaughnessy.

\$20.00

30

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

Exhibits.

—
P-45.

Cheques (33)
of Incorporated
Company to order of
personal creditors
of Lord Shaughnessy,
aggregating
\$4,684.22,
July-September 1928
—continued.

No. 2220 Montreal, Canada, September 11th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

40 Pay James Matthews, or Order, Thirty-five 00— Dollars.

a/c Lord Shaughnessy.

\$35.00

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

Exhibits. No. 2233 Montreal, Canada, September 15th, 1928

P-45.
Cheques (33)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaughnessy,
aggregating
\$4,684.22,
July-September 1928
—continued.

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Susan Braidwood, or Order, Fifty-five 00— Dollars.
a/c Lord Shaughnessy.
\$55.00

10 Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2243 Montreal, Canada, September 18th, 1928

20

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Emma Sinclair, or Order, Seventy 00— Dollars.
a/c Lord Shaughnessy.
\$70.00

30 Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2244 Montreal, Canada, September 18th, 1928

40

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-seven 02— Dollars.
a/c Lord Shaughnessy.
\$37.02

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2245

Montreal, September 19th, 1928

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Charles Macfarlane, or Order, Eighty 00— Dollars.

a/c Lord Shaughnessy.

\$80.00

10

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2247

Montreal, Canada, September 21st, 1928

20

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Elizabeth Anderson, or Order, Thirty 00— Dollars.

a/c Lord Shaughnessy.

\$30.00

30

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

Exhibits.

P-45.

Cheques (33)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$4,684.22,
July-Sept-
ember 1928
—continued.

No. 2251

Montreal, Canada, September 24th, 1928

40

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.

a/c Lord Shaughnessy.

\$35.00

Sir Mortimer Davis, Incorporated
A. M. Reaper, Director
H. M. Walmsley, Asst. Secretary-Treasurer

Exhibits.
 —
 P-45.
 Cheques (33)
 of Incorporated
 Company
 to order of
 personal
 creditors
 of Lord
 Shaugh-
 nessy,
 aggregating
 \$4,684.22,
 July-Sept-
 ember 1928
 —continued.

No. 2252 Montreal, Canada, September 24th, 1928

THE CANADIAN BANK OF COMMERCE
 Montreal Branch

Pay The Bell Telephone Co. of Canada, or Order, Two 95—
 Dollars.
 a/c Lord Shaughnessy.
 \$2.95

10

Sir Mortimer Davis, Incorporated
 A. M. Reaper, Director
 H. M. Walmsley, Asst. Secretary-Treasurer

No. 2270 Montreal, Canada, September 29th, 1928

THE CANADIAN BANK OF COMMERCE
 Montreal Branch

20 Pay Montreal Light, Heat & Power Co., or Order, Thirty-
 eight 25— Dollars.
 a/c Lord Shaughnessy.
 \$38.25

Sir Mortimer Davis, Incorporated
 A. M. Reaper, Director
 H. M. Walmsley, Asst. Secretary-Treasurer

30

PLAINTIFFS' EXHIBIT P-27

September 30th, 1928.

Lord Shaughnessy,

TO SIR MORTIMER DAVIS, INCORPORATED

P-27.
 Payments
 aggregating
 \$4,684.22
 made to
 sundry
 creditors
 of Lord
 Shaugh-
 nessy from
 the funds of
 the Incor-
 porated
 Company,
 July-Sept-
 ember 1928.

	July 11	To C.P.R.	215.00
	18	Jas. Matthews, to July 17.	70.00
40	27	Jas Matthews, to July 31.	70.00
	Aug. 1	Miss Emma Sinclair.	70.00
		Miss Elizabeth Anderson.	30.00
		Miss Susan Braidwood.	55.00
		Miss Elizabeth Macdonald.	45.00
	3	Jas Matthews, to Aug. 7.	35.00
	10	Sidney Gidman.	20.00
		Jas. Matthews, to Aug. 14.	35.00

Exhibits. <hr/> P-27. Payments aggregating \$4,684.22 made to sundry creditors of Lord Shaughnessy from the funds of the Incorporated Company, July-September 1928 <i>—continued.</i>	Aug. 10	City of Montreal, hose permit, etc.	44.00		
		Montreal Light, Heat & Power Co.	33.40		
		Bell Telephone Co.....	29.20		
		18 Miss Emma Sinclair.....	70.00		
		Charles Macfarlane.....	80.00		
		22 Jas. Matthews.....	35.00		
		Miss E. Anderson.....	30.00		
		28 Jas. Matthews.....	35.00		
		31 Receiver General of Canada, re In-			
	10		come tax.....	2,827.00	
		Sept. 1	City of Montreal, water tax.....	349.20	
		5	Jas. Matthews.....	35.00	
		7	Miss E. Macdonald.....	45.00	
			Bell Telephone Co.....	25.20	
		11	Sidney Gidman.....	20.00	
			Jas. Matthews.....	35.00	
		15	Miss S. Braidwood.....	55.00	
		18	Miss H. Sinclair.....	70.00	
			Jas. Matthews.....	35.00	} 37.02
	20		do for a/c McLaughlin Motors.	2.02	
		21	Miss E. Anderson.....	30.00	
		24	Jas. Matthews.....	35.00	
			Bell Telephone Co.....	2.95	
		29	Montreal Light, Heat & Power Co.	38.25	
				\$4,604.22	
		19	Chas. Macfarlane.....	80.00	
				\$4,684.22	
		30 Sept. 29	By Cash.....	\$4,684.22	

PLAINTIFFS' EXHIBIT P-35

P-35. Cheque of Lord Shaughnessy to order of Incorporated Company, \$4,684.22, 4th October 1929.	No. 40	Montreal, Que., Oct. 4th, 1928. <p align="center"> THE CANADIAN BANK OF COMMERCE Phillips Square Branch </p> Pay Sir Mortimer Davis Incorporated, or Order, Four thousand six hundred and eighty-four.22 Dollars. \$4,684.22.
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Shaughnessy.

Endorsed—Sir Mortimer Davis Incorporated.

PLAINTIFFS' EXHIBIT P-44

No. 2428

Montreal, January 7th, 1929.

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Lord Shaughnessy, or order, Ten thousand Dollars.

\$10,000.00

10

Sir Mortimer Davis, Incorporated.
Shaughnessy, President.
A. M. Reaper, Secretary-Treasurer.

Endorsed—For Deposit only, A.M. Reaper, Sec'y.

Exhibits.

P-44.
Cheque of
Incor-
porated
Company
to order of
Lord
Shaugh-
nessy,
\$10,000,
7th Janu-
ary 1929.

PLAINTIFFS' EXHIBIT P-46 (32 Cheques)

20

No. 2524

Montreal, Canada, April 2nd, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Jean McGregor, or Order, Seventy 00— Dollars.

a/c Lord Shaughnessy.

\$70.00

30

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

P-46.
Cheques (32)
of Incor-
porated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$2,875.82,
April-June
1929.

No. 2525

Montreal, Canada, April 2nd, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.

a/c Lord Shaughnessy.

\$35.00

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2526

Montreal, Canada, April 2nd, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay The Mount Bruno Country Club, or Order, Two hundred
and ten 00— Dollars.

a/c Lord Shaughnessy.

10 \$210.00

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

20 No. 2527

Montreal, Canada, April 2nd, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss May Ferguson, or Order, Forty-five 00— Dollars.

a/c Lord Shaughnessy.

\$45.00

30

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

Exhibits.

—
P.46.

Cheques (32)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$2,875.82,
April-June
1929—con-
tinued.

No. 2532

Montreal, Canada, April 5th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

40 Pay John Bell, or Order, Eighty 00— Dollars.

a/c Lord Shaughnessy.

\$80.00

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2533 Montreal, Canada, April 10th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Sydney Gidman, or order, Twenty 00— Dollars.

a/c Lord Shaughnessy.

\$20.00

10

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

Exhibits.

—
P-46.
Cheques (32)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$2,875.82,
April-June
1929—con-
tinued.

No. 2546

Montreal, Canada, April 11th, 1929

20

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.

a/c Lord Shaughnessy.

\$35.00

30

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2550

Montreal, Canada, April 15th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Sarah McBride, or Order, Thirty 00— Dollars.

a/c Lord Shaughnessy.

\$30.00

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2551

Montreal, Canada, April 16th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Susan Braidwood, or Order, Fifty-five 00— Dollars.
a/c Lord Shaughnessy.

\$55.00

10

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2552

Montreal, Canada, April 16th, 1929

20

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.
a/c Lord Shaughnessy.

\$35.00

30

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

Exhibits.

P-46.
Cheques (32)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$2,875.82,
April-June
1929—con-
tinued.

No. 2555

Montreal, Canada, April 18th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

40

Pay Miss Emma Sinclair, or Order, Seventy 00— Dollars.
a/c Lord Shaughnessy.

\$70.00

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2558 Montreal, Canada, April 23rd, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Anna Keatings, or Order, Forty-five 00— Dollars.
a/c Lord Shaughnessy.

\$45.00

10

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

Exhibits.

P-46.
Cheques (32)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$2,875.82,
April-June
1929—con-
tinued.

No. 2559

Montreal, Canada, April 23th, 1929

20

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.
a/c Lord Shaughnessy.

\$35.00

30

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2560

Montreal, Canada, April 25th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

40 Pay Bank of Montreal for credit Honourable Mrs. Redmond,
or Order, Fourteen hundred 00— Dollars.

a/c Lord Shaughnessy.

\$1400.00.

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2570 Montreal, Canada, May 1st, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.

\$35.00

a/c Lord Shaughnessy.

10

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2571 Montreal, Canada, May 1st, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Jean McGregor, or Order, Seventy 00— Dollars.

a/c Lord Shaughnessy.

\$70.00

20

30

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

Exhibits.

P.46.
Cheques (32)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$2,875.82,
April-June
1929—con-
tinued.

No. 2572 Montreal, Canada, May 3rd, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss May Ferguson, or Order, Forty-five 00— Dollars.

a/c Lord Shaughnessy.

\$45.00

40

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2576

Montreal, Canada, May 4th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay John Bell, or Order, Eighty 00— Dollars.

a/c Lord Shaughnessy.

\$80.00

10

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2577

Montreal, Canada, May 7th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.

a/c Lord Shaughnessy.

\$35.00

20

30

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2578

Montreal, Canada, May 10th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Sydney Gidman, or Order, Twenty 00— Dollars.

a/c Lord Shaughnessy.

\$20.00

40

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

Exhibits.

P-46.
Cheques (32)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$2,875.82,
April-June
1929—con-
tinued.

No. 2579

Montreal, Canada, May 14th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Montreal Light, Heat & Power, Consolidated, or Order,
Thirty-two 99— Dollars.

a/c Lord Shaughnessy.

10 \$32.99

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

20 No. 2593

Montreal, Canada, May 15th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Sarah McBride, or Order, Thirty 00— Dollars.

a/c Lord Shaughnessy.

\$30.00

30

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

Exhibits.

P-46.
Cheques (32)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$2,875.82,
April-June
1929—con-
tinued.

No. 2594

Montreal, Canada, May 15th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.

a/c Lord Shaughnessy.

\$35.00

40

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

No. 2598

Montreal, Canada, May 16th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Susan Braidwood, or Order, Fifty-five 00— Dollars.

a/c Lord Shaughnessy.

\$55.00

10

Sir Mortimer Davis, Incorporated
A. M. Reaper, Vice-President
H. M. Walmsley, Asst. Secretary-Treasurer

Exhibits.

—
P-46.
Cheques (32)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$2,875.82,
April-June
1929—con-
tinued.

No. 2600

Montreal, Canada, May 18th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Emma Sinclair, or Order, Seventy 00— Dollars.

a/c Lord Shaughnessy.

\$70.00

20

Sir Mortimer Davis, Incorporated
A. M. Reaper, Vice-President
H. M. Walmsley, Asst. Secretary-Treasurer

30

No. 2602

Montreal, Canada, May 21st, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Montreal Light, Heat & Power Cons., or Order, Two 62
— Dollars.

a/c Lord Shaughnessy.

\$2.62

40

Sir Mortimer Davis, Incorporated
A. M. Reaper, Vice-President
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2605

Montreal, Canada, May 21st, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.
a/c Lord Shaughnessy.

\$35.00

10

Sir Mortimer Davis, Incorporated
A. M. Reaper, Vice-President
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2606

Montreal, Canada, May 23rd, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Miss Anna Keatings, or Order, Forty-five 00— Dollars.
a/c Lord Shaughnessy.

\$45.00

30

Sir Mortimer Davis, Incorporated
A. M. Reaper, Vice-President
H. M. Walmsley, Asst. Secretary-Treasurer

Exhibits.

—
P-46.
Cheques (32)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaugh-
nessy,
aggregating
\$2,875.82,
April-June
1929—con-
tinued.

No. 2610

Montreal, Canada, May 28th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.
\$35.00

40

Sir Mortimer Davis, Incorporated
A. M. Reaper, Vice-President
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2623

Montreal, Canada, June 6th, 1929

Exhibits.

P-46.

Cheques (32)
of Incorporated
Company
to order of
personal
creditors
of Lord
Shaughnessy,
aggregating
\$2,875.82,
April-June
1929—*con-
tinued.*

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay James Matthews, or Order, Thirty-five 00— Dollars.

a/c Lord Shaughnessy.

\$35.00

10

Sir Mortimer Davis, Incorporated
A. M. Reaper, Vice-President
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2624

Montreal, Canada, June 6th, 1929

20

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Montreal Light, Heat & Power Consolidated, or Order,
Twenty-seven 56 00— Dollars.

a/c Lord Shaughnessy.

\$27.56.

30

Sir Mortimer Davis, Incorporated
A. M. Reaper, Vice-President
H. M. Walmsley, Asst. Secretary-Treasurer

No. 2638

Montreal, Canada, June 14th, 1929

40

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Beaver Truck Taxi Limited, or Order, One 50— Dollars.

a/c Lord Shaughnessy.

\$1.50

Sir Mortimer Davis, Incorporated
Shaughnessy, President
A. M. Reaper, Secretary-Treasurer

PLAINTIFFS' EXHIBIT P-28

August 28th, 1929.

<p>Exhibits.</p> <hr/> <p>P-28. Payments aggregating \$2,875.82 made to sundry creditors of Lord Shaugh- nessy from the funds of the Incor- porated Company, April-June, 1929.</p>	<p>Lord Shaughnessy</p> <p>1929</p> <p>Apr. 2 To Miss Jean MacGregor..... \$ 70.00</p> <p>10 3 Jas. Matthews..... 35.00</p> <p> 4 Mt. Bruno Country Club..... 210.00</p> <p> 5 Miss May Ferguson..... 45.00</p> <p> 5 John Bell..... 80.00</p> <p> 10 Sidney Gidman..... 20.00</p> <p> 10 Jas. Matthews..... 35.00</p> <p> 15 Miss Sarah McBride..... 30.00</p> <p> 16 Miss Susan Braidwood..... 55.00</p> <p> 16 Jas. Matthews..... 35.00</p> <p> 18 Miss Emma Sinclair..... 70.00</p> <p> 22 Miss Anna Keating..... 45.00</p> <p>20 22 Jas. Matthews..... 35.00</p> <p> 25 Bank Montreal for Hon. Mrs. Redmond..... 1,400.00</p> <p> May 1 Jas. Matthews..... 35.00</p> <p> Miss Jean MacGregor..... 70.00</p> <p> 3 Miss May Ferguson..... 45.00</p> <p> 4 John Bell..... 80.00</p> <p> 7 Jas. Matthews..... 35.00</p> <p> 10 Sidney Gidman..... 20.00</p> <p>30 14 Montreal Light, Heat & Power.. 32.99</p> <p> 15 Miss Sarah McBride..... 70.00</p> <p> Jas. Matthews..... 35.00</p> <p> 16 Miss Susan Braidwood..... 55.00</p> <p> 18 Miss Emma Sinclair..... 70.00</p> <p> 21 Montreal Light, Heat & Power.. 2.62</p> <p> Jas. Matthews..... 35.00</p> <p> 23 Miss Anna Keating..... 45.00</p> <p> 28 Jas. Matthews..... 35.00</p> <p>40 June 6 Jas. Matthews..... 35.00</p> <p> Montreal Light Heat & Power... 27.56</p> <p> 14 Beaver Truck Taxi..... 1.50</p> <p> 20 C. I. Al. Co. expenses in Toronto deducted from our account... 21.15</p> <p style="text-align: right;"> <hr/> \$2,875.82 </p> <p>Aug. 31 By Cash..... 2,875.82</p>
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PLAINTIFFS' EXHIBIT P-36

Exhibits.

P-36.

Cheque
of Lord
Shaugh-
nessy to
order of In-
corporated
Company,
\$2,875.82,
4th Sept-
ember 1929.

No.....

Montreal, Que., Sept. 4th, 1929.

THE CANADIAN BANK OF COMMERCE
Phillips Square Branch

Pay Sir Mortimer Davis Incorporated, or Order, Two thousand
eight hundred and seventy-five.82 Dollars.

10 \$2,875.82

Shaughnessy.

Endorsed—Sir Mortimer Davis Incorporated.

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**Exhibit Group No. 12: By-Laws and Minutes of Meetings
of the Incorporated Co.**

PLAINTIFFS' EXHIBIT P-42

SIR MORTIMER DAVIS, INCORPORATED

BY-LAWS.

Exhibits.
—
P-42.
Byelaws of
Incor-
porated
Company.

10

1. The annual general meeting of the shareholders of the Company shall be held at the head office of the Company on such day and in such month in each year as the Directors may by resolution designate, to receive the report of the Directors for the past year, to elect Directors for the ensuing year and for all other general purposes relating to the management of the Company's affairs.

20

2. If for any cause the annual general meeting should fail to be held on the day as specified in By-Law 1, the Directors shall call a special general meeting to be held at a convenient time thereafter for the transaction of the business of the said annual meeting.

3. A general meeting of the shareholders may be called at any time by the directors whenever they deem the same necessary or advisable for any purpose.

30

4. Notice of the time and place of holding the annual, special or other meeting of the shareholders of the Company shall be given by mailing a circular addressed to each shareholder at his last address as shown by the books of the Company at least three days previous to the time appointed for holding such meeting.

5. Meetings of the Directors shall be held at the head office of the Company or at such other place or places as the Directors may from time to time decide as often as the business of the Company may require and shall be called by the President or the Vice-President or any Director.

40

6. At general meetings of the Company every shareholder shall be entitled to as many votes as he owns shares in the Company and may vote by proxy duly appointed in writing. All proxies must be in favor of a shareholder and must be lodged with the Secretary at or prior to the date of any meeting.

7. Questions at meetings shall be decided by a majority in value of the shareholders present either in person or by proxy and

in case the number of votes is equal, the President or Chairman shall have a deciding or casting vote.

8. The affairs of the Company shall be managed by a Board of not more than five and not less than three directors, the number to be fixed by the shareholders at each annual general meeting. A majority of the Directors at any time in office shall constitute a quorum.

10 9. The President and Vice-President shall be chosen by the Directors from amongst themselves at the first board meeting after the annual meeting.

10 10. The President shall, if present, preside at all meetings of the Company. He shall call meetings of the board of directors and shareholders whenever necessary. In the absence of the President and Vice-President at any meeting the shareholders, or directors as the case may be, shall have power to appoint from amongst themselves a chairman to preside over such meeting.

11. The Vice-President shall exercise all the powers of the President in the absence of the latter.

12. Questions arising at any meetings of directors shall be decided by a majority of votes. In case of an equality of votes, the Chairman, in addition to his original vote, shall have a casting vote.

13. The directors shall hold office for one year and until their 30 successors shall be elected.

14. Any shareholder not in arrears for payment of calls upon his stock may be elected a director.

15. In case of the death of a Director or his being unable to act as such or his ceasing to be a shareholder, the vacancy thereby created may be filled for the unexpired portion of the term by the board from among the qualified shareholders of the Company. In case the number of directors shall at any time be increased to more 40 than five, vacancies in the Board shall be considered as created to the number of such increase, which vacancies may be filled by the Directors in the manner above indicated.

16. The board from time to time shall fix the salary or wages paid to the officers of the Company, including officers who may also be directors and also the remuneration of the members of the board for their services as such.

17. The office of director shall *ipso facto* be vacated:

(a) if he ceases to be a shareholder of the Company;

(b) if he becomes bankrupt or insolvent or of unsound mind;

(c) if by notice in writing to the Company he resigns his office;

10 (d) if he be removed from office by the shareholders, it being hereby provided that the shareholders may, by majority vote of the stock outstanding and at a special meeting convened for the purpose, remove any director from office.

18. A director may hold any other office or employment in the Company in conjunction with the office of director and may receive such remuneration therefor as may be fixed or agreed upon by the directors.

20 19. The directors shall not be disqualified by reason of their office from contracting with the Company, whether directly or indirectly, but the interest of any director in any contract to be made by the Company shall be disclosed before the execution of the contract and such director shall not vote in respect thereof.

30 20. The Secretary shall keep a record of the proceedings at all meetings of the board and of the shareholders of the Company and shall be the custodian of the seal of the Company, which he shall deliver when authorized so to do by a resolution of the Board to such person or persons as may be named in the resolution.

21. The Treasurer of the Company shall perform the ordinary duties of such office and shall also have charge of the cash on hand and in bank, bills receivable and all valuable papers and notes, documents and securities.

40 22. The Board may at any time appoint one or more assistant secretaries and one or more assistant treasurers and by resolution define the duties and powers of such officers.

23. The directors shall cause true accounts to be kept concerning the business of the Company and of the sums of money received and expended by the Company and the matter in respect of which such receipts and expenditures take place and of the assets and liabilities of the Company.

Exhibits.
P-42.
Byelaws of
Incor-
porated
Company—
continued.

24. A bank account or accounts shall be kept in the name of the Company at a bank or banks to be selected by the board.

25. The Directors are hereby authorized from time to time;

10 (a) to borrow money and obtain advances upon the credit of the Company from any bank or banks, person, firm or Company designated by the Board of Directors from time to time, at such times, in such amounts and on such terms as they may think proper, either by discounting or causing to be discounted negotiable paper or instruments made, drawn, accepted, or endorsed by the Company, by overdrafts, by arranging for credits, or by way of loans, advances, or otherwise howsoever; and

20 (b) as security for such discounts, overdrafts, loans, credits, advances or other indebtedness or liability of the Company to the bank, or banks, person, firm, or company, and interest thereupon to hypothecate, mortgage, pledge and give to the said bank, or to any such person or persons, firm or corporation all or any of the stocks, bonds, debentures, negotiable instruments, agreements personal and immoveable property of the Company and to give and cause to be given to such bank or banks, person, firm or Company, warehouse receipts, bills of lading, security under the Bank Act, mortgages, pledges, agreements or other collateral security, assignments, promises to give security under the Bank Act, promises to give warehouse receipts and or bills of lading of and on all or any of the property of the Company and the same from time to time to renew, alter, vary and substitute:

30 (c) to authorize from time to time by resolution or by by-law of the board such director or directors, officer or officers, clerk, cashier or other employee of the Company or such other person (whether connected with or employed by the Company or otherwise) as the directors may appoint in such by-law or resolution, to manage, transact, and settle the banking business of the Company with the said bank or banks, and to sign, accept, draw, endorse and execute on behalf of and in the name of the Company all such documents, cheques, promisory notes, bills of exchange, acceptances, promises and pledges, assignments, promises to give security under the Bank Act, promises to give warehouse receipts and or bills of lading and any other document or instrument that may become necessary or desirable in connection with the Company's banking business; and

(d) To delegate in and by said resolution or by-law to such person or persons all or any of the powers hereby conferred upon the directors.

This by-law shall continue in full force, virtue and effect as between the Company and any bank or banks, person, firm or Company until written notice of the revocation or cancellation thereof shall have been given to such parties.

Exhibits.
P-42.
Byelaws of
Incor-
porated
Company—
continued.

10 26. Documents requiring the signature of the Company shall be signed by the President or Vice-President or the Secretary-Treasurer and by another director, and all documents so executed shall be binding on the Company without any further authorization or formality. The directors, shall, however, have power from time to time by resolution to appoint any other officer or officers or employee of the Company either to sign or countersign documents generally or to sign or countersign specific documents. The seal of the Company may, when required, be affixed to documents executed
20 as aforesaid.

27. The Directors may from time to time set aside out of the profits of the Company such sums as they think proper as a reserve fund to be used to meet contingencies or for equalizing dividends, or otherwise, as they may think advisable in the interest of the Company, and may employ the money and assets from time to time out being obliged to keep the same separate from the other assets of the Company.

30 28. In case two or more persons are registered as the joint holders of any share any one of such persons may give effectual receipts for all dividends, bonuses and payments on account of dividends and bonuses in respect of such share.

29. The stock of the Company shall be deemed personal estate and shall be subject to all the conditions and restrictions from time to time contained in the By-laws of the Company and be transferrable only on the books of the Company in such manner as the
40 directors may from time to time prescribe.

30. At each Annual Meeting of the Company, it shall be the duty of the shareholders to estimate and establish by resolution the real value of the shares of the Company's capital stock, such estimate to be based on the financial results of the Company's operations as shown by the statement of its affairs before them.

31. No transfer of shares except to the consort or direct descendant of a shareholder consequent on a gift or transmission by death shall be permitted, unless the shareholder desiring to effect the sale or transfer of any shares of stock of the Company held by him shall, by notice in writing addressed to the Board of Directors of the Company have offered such shares for sale at any time within thirty days from the date of delivery of such notice at a price which shall be the value of such shares as established by resolution of the shareholders adopted at the annual meeting of the Company last preceding and at any time during the said period the shareholders of the Company, in proportion to their respective holdings at the time, shall have the privilege of purchasing the said shares by payment or offer of the price of the same established in the manner above set forth, and the directors shall have the privilege during such period of finding a purchaser for any shares not purchased by the shareholders or any odd lot not susceptible of division among them at the said price. The directors shall immediately upon receipt of any notice offering shares for sale, notify all of the shareholders in writing intimating the number of such shares which each shareholder respectively is entitled to purchase.

If within thirty days after such offer of sale shall have been served on the Board of Directors the shareholders of the Company shall not have purchased and paid for the said shares at the said price, or the directors shall have failed to procure a purchaser ready and willing to purchase and pay for the balance of said shares not purchased by the shareholders or susceptible of division among them, at said price, the said shares or any balance thereof not so purchased shall thereupon be transferable on the books of the Company in person or by attorney, subject in each case to the by-laws of the Company and also subject, on any subsequent sale or transfer, to all the conditions and restrictions from time to time in force relating to transfer of shares of the Company, and in particular to the restrictions contained in this by-law.

Any shares acquired by the shareholders or by the nominee of the directors in pursuance of the provisions hereof, shall, after payment or tender of payment of the price thereof to the person or persons entitled thereto, on refusal or neglect of such person or persons to execute the necessary transfer or other documents, be registered in the name of the shareholders or nominee of the directors respectively who have paid or tendered payment of the price thereof by the directors and officers of the Company who shall have the power to make all necessary entries in the share registers and other books of the Company necessary to effectuate such transfers.

32. The Directors, if they see fit, may approve of any transfer of any share and may direct the person entitled thereunder to be registered as a shareholder in respect of the share or shares embraced in any such transfer, and such transfer so approved shall be valid and binding, notwithstanding the provisions of the preceding by-law.

33. The instrument of transfer of any share shall be in writing in the following form or as near thereto as circumstances shall admit:

Exhibits.
P-42.
Byelaws of
Incor-
porated
Company—
continued.

10

TRANSFER

For value received I hereby assign and transfer unto shares of the par value of \$100. each of the capital stock of Sir Mortimer Davis Incorporated, and do hereby irrevocably constitute and appoint my attorney, to transfer the said stock on the books of the said Company with full power of substitution in the premises.

20 Dated at Montreal this day of 19.....

WITNESS:

ACCEPTANCE

30 I do hereby accept the foregoing transfer and assignment of said shares of the capital stock of Sir Mortimer Davis, Incorporated, hereby acknowledging and agreeing that I take the said shares subject to the by-laws of the Company from time to time in force relating to restrictions of transferability and especially to the provisions of by-laws.....

AS WITNESS MY HAND at the City of Montreal this day of 19.....

WITNESS:

40 Approved at a meeting of the Board of Directors of the Company held on the day of 19.....

Secretary.

34. Certificates of shares shall be signed by the President or Vice-President and the Secretary of the Company or some other person appointed by the directors.

35. The board may, from time to time, repeal, amend, add to and re-enact these by-laws but such change, unless in the meantime confirmed at a general meeting duly called for the purpose shall only have force until the next annual meeting of the Company and if not confirmed thereat shall from that time cease to have any force, provided however that by-laws Nos. 29, 30, 31, 32 and 33, relating to the transfer of shares of the capital stock of the Company may only be repealed or amended by resolution adopted at a special
10 general meeting of the Company called for that purpose and with the assent of stockholders representing three-fourths in value of the outstanding stock.

SPECIAL BY-LAW NO. 1

A By-Law to authorize the creation and issue of Twenty-Year Six Per Cent Notes of an aggregate par value of
\$5,000,000.

20 BE IT ENACTED by the directors of Sir Mortimer Davis, Incorporated as a By-law of the Company that the directors be and they are hereby authorized to make and issue or cause to be made and issued Twenty Year Six Per Cent Notes of this Company to an amount not exceeding in the aggregate Five Million Dollars (\$5,000,000). The principal of the said notes shall be repayable in Canadian currency on the first day of October, 1939, with interest at the rate of 6% per annum payable semi-annually in like currency on the 31st day of March and the 30th of September in each year.
30 The said notes shall be for amounts of One Thousand Dollars (\$1,000) each or any multiple thereof. Each One Thousand Dollars (\$1,000.) of principal shall be indicated by a serial number to be indicated on the notes with a corresponding number or numbers in the Registry Books which the Company shall keep for that purpose. The notes are redeemable at any time either in whole or in part by the Company on one month's notice in writing, and at the price of par and interest accrued to the date fixed for redemption. At least One Hundred Thousand Dollars (\$100,000.) aggregate par value of the notes shall be redeemed and paid by the Company on the first
40 of October in each and every year, the first of which payments to be made on the first of October, 1920. For the redemption of notes a drawing shall take place in the manner from time to time prescribed by the Directors of the Company. The serial numbers of the notes drawn for redemption shall be indicated in the Register kept for that purpose and notice of the numbers so drawn for redemption shall be sent to the holders of the notes bearing such serial numbers by registered mail to their last known post office

address at least two weeks before the date fixed for payment. From such date fixed for payment all interest on the notes so drawn shall cease. All notes shall be registered both as to principal and interest in the books to be kept by the Company for that purpose and all payments on account of principal and interest shall be made by cheque to the order of the registered owners of the notes.

Exhibits.

P-42.
Byelaws of
Incor-
porated
Company—
continued.

10 THAT the directors are hereby authorized to issue, sell or otherwise dispose of the said notes or any of them from time to time upon such terms and for such consideration as they may deem proper.

SPECIAL BY-LAW " A "

A By-law to authorize a change in the corporate name of the Company.

20 BE IT ENACTED as a By-Law of the Company that the name of the Company be changed from Sir Mortimer B. Davis Incorporated to Sir Mortimer Davis Incorporated.
(Supplementary Letters Patent obtained authorizing change.)

.....
COPY OF RESOLUTION PASSED AT MEETING OF BOARD OF DIRECTORS HELD OCTOBER 1, 1924.

30 The President explained that an appraisal of the assets of the Company indicated that the said assets taken even at a conservative valuation were greatly in excess of the par value of the issued capital stock of the Company and that in order to equalize this position it was necessary and expedient that part of the capital stock of the \$5,000,000 par value in the Treasury be issued to the shareholders.

40 On motion duly made and seconded, it was resolved that of the \$5,000,000 shares of treasury stock, there be issued and allotted to the shareholders of the Company 32,500 shares in the following proportion:

Sir Mortimer Davis	28,925 shares
J. B. Waddell	1,625 "
H. M. Marler and H. B. McLean, trustees under agreement with Lord Shaughnessy, dated Sept. 17th, 1924	1,625 "
H. M. Marler	325 "

THAT the Secretary of the Company be and he is hereby authorized to issue certificates for shares in the above named proportions to the persons above named and to do all other acts which may be necessary to effectuate the issue and allotment of said shares.

.....
BY-LAW " B "

10 WHEREAS the issued capital stock of the Company is \$8,250,000, divided into 82,500 shares of \$100. each, and

WHEREAS the said amount of capital is in excess of the wants of the Company, and

WHEREAS it is expedient without extinguishing or reducing liabilities of it's shares

Exhibits.

—
P.42.
Byelaws of
Incor-
porated
Company—
continued.

20 THAT the Company do pay off the paid up shares of the capital to the extent of \$3,250,000 or 32,500 shares of a par value of \$100. each

THEREFOR be it enacted:

THAT the capital stock of the Company be reduced from \$8,250,000 to \$5,000,000 by the cancellation of 32,500 shares of a par value of \$100. each.

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PLAINTIFFS' EXHIBIT P-16 and
DEFENDANTS' EXHIBIT D-133

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF SIR MORTIMER DAVIS, INCORPORATED, HELD AT THE HEAD OFFICE OF THE COMPANY, IN THE CITY OF MONTREAL, ON THE 1ST DAY OF OCTOBER IN THE YEAR NINETEEN HUNDRED AND TWENTY-FOUR.

Exhibits.
P-16 and
D-133.
Extract
from
Minutes of
Meeting of
Directors of
Incor-
porated
Company,
1st October
1924.

10

There were present at the meeting the following:

Sir Mortimer B. Davis, J. B. Waddell, H. M. Marler and Mortimer B. Davis, being all the Directors of the Company.

The Minutes of the meetings of the Directors held in October 1923 were read and confirmed.

The following loans to Sir Mortimer Davis were approved:

20	1923				
	Oct. 20	Re O'Brien & Williams.....	\$15,000		
	Oct. 29	do	9,000		
	1924				
	Mar. 21	do	10,000		
	May 22	do	20,000	54,000.00	
	1923				
	Oct. 24	The Davis Trust and Settlement (through H. M. Marler).....		350,000.00	
30	Oct. 31	Inspector of Taxation—Income Tax.....		12,667.10	
	Nov. 1	Jewish Philanthropies—Campaign Expenses		3,000.00	
	Nov. 20	do		2,000.00	
	Dec. 6	do		1,000.00	
	1924				
	Jan. 3	do		1,411.17	
	Jan. 3	Subscription, Jewish Philanthropies.....		20,000.00	
	1923				
40	Dec. 15	Re Harry Altner.....		100.00	
	1924				
	Jan. 19	do		100.00	
	Feb. 27	do		100.00	
	Apr. 15	do		45.50	
	Apr. 30	Inspector of Taxation—Income Tax.....		167,129.93	
	Aug. 30	do		42,553.32	
	June 30	do		41,709.97	

June 26	Re Wolf Advertising Co.	75,000.00
June 12	Re Davis Trust and Settlement (through H. M. Marler)	350,000.00
Sept. 8	do	350,000.00
May 14	Commercial Union Assurance Co., Mortgage Loan and Interest	45,540.00
	Total Sir Mortimer B. Davis	\$1,516,356.99

Exhibits.
—
P-16 and
D-133.
Extract
from
Minutes of
Meeting of
Directors of
Incor-
porated
Company,
1st October
1924—con-
tinued.

10 The following loans were approved to Bluestone Mining & Smelting Company Limited.

1923		
Oct. 5	.....	\$8,000
Dec. 5	.....	4,000
1924		
Feb. 11	.....	1,500

Total Bluestone Mining & Smelting Co. Ltd., \$13,500.

20 The following loans to Consolidated Asbestos Limited were approved,

1923		
Dec. 12	.....	50,000
1924		
Feb. 11	.....	200,000
Mar. 28	.....	50,000
July 29	.....	50,000

Total Consolidated Asbestos Limited., \$350,000.

30 Re HOWARD POILLON, Consulting Engineer: The Company as from the 4th October, 1923, engaged Mr. Howard Poillon to act as Consulting Engineer at a salary of \$5,000 per year plus travelling and extraordinary office expenses such as long distance telephone calls, telegrams, etc., the whole as set out in Mr. Poillon's letter to the Company of the 4th of October, 1923.

Bonus to Howard Poillon for services rendered in the past by Mr. Poillon to the Company. He was granted the sum of \$5,000 on 5th January, 1924.

40 Canadian Exploration Scheme, 30th June, 1924—A payment of \$2,500 was authorized to Mr. H. W. Heine.

Crescent Lorraine Development, August 11th, 1924. The payment to Mr. H. Poillon with respect to this matter was authorized.

The resignation of Mr. H. B. McLean as Secretary of the Company was received and accepted and the Rt. Hon. Lord Shaughnessy was appointed as Secretary in his place.

The President explained that an appraisal of the assets of the Company indicated that the said assets taken even at a conservative valuation were greatly in excess of the par value of the issued capital stock of the Company, and that in order to equalize this position, it was necessary and expedient that part of the capital stock of the \$5,000,000 par value in the Treasury be issued to the shareholders.

10 On motion duly made and seconded, it was resolved that of the \$5,000,000 shares of Treasury stock, there be issued and allotted to the shareholders of the Company 32,500 shares in the following proportions, viz.:

Sir Mortimer Davis.....	28,925 shares
J. B. Waddell.....	1,625 “
H. M. Marler and H. B. McLean, trustees under agreement with Lord Shaughnessy, dated September 17th, 1924.....	1,625 “
H. M. Marler.....	325 “

20 THAT the secretary of the Company be and he is hereby authorized to issue certificates for shares in the above named proportions to the persons above named and to do all other acts which may be necessary to effectuate the issue and allotment of said shares.

It was moved by J. B. Waddell, seconded by M. B. Davis and unanimously resolved that the following By-Law be, and the same is hereby enacted a By-Law of the Company.

BY-LAW B

30 Whereas the issued capital stock of the Company is \$8,250,000, divided into 82,500 shares of \$100 each, and;

Whereas the said amount of capital is in excess of the wants of the Company, and:

Whereas it is expedient without extinguishing or reducing liability of its shares

That the Company do pay off the paid up shares of the capital to the extent of \$3,250,000 or 32,500 shares of a par value of \$100 each.

40 THEREFORE be it enacted:

That the capital stock of the Company be reduced from \$8,250,000 to \$5,000,000 by the cancellation of 32,500 shares of a par value of \$100 each.

It was moved, seconded and resolved that, in the future, monthly meetings of the Board of Directors of the Company be held on the first Tuesday in each month.

Exhibits.
—
P-16 and
D-133.
Extract
from
Minutes of
Meeting of
Directors of
Incor-
porated
Company,
1st October
1924—con-
tinued.

It was moved, seconded and unanimously resolved that a monthly statement of the affairs of the Company be sent to Sir Mortimer Davis.

There being no further business the meeting adjourned.

(Sgd.) M. B. DAVIS, Chairman.

(Sgd.) SHAUGHNESSY, Secretary.

Exhibits.

P-16 and
D-133.

Extract
from
Minutes of
Meeting of
Directors of
Incor-
porated
Company,
1st October
1924—*con-
tinued.*

10 Certified true copy.

A. M. REAPER,
Secretary-Treasurer.

Montreal, May 17th, 1930.

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DEFENDANTS' EXHIBIT D-134

COPY OF MINUTES OF SPECIAL GENERAL MEETING OF THE SHAREHOLDERS OF SIR MORTIMER DAVIS INCORPORATED, HELD AT THE OFFICE OF THE COMPANY, IN THE CANADA CEMENT BUILDING, ON WEDNESDAY, OCTOBER 1st, 1924, AT THREE O'CLOCK IN THE AFTER-NOON

Exhibits.

D-134.

Minutes of Shareholders of Incorporated Company, 1st October 1924.

There were present:—

- 10 Sir Mortimer Davis
J. B. Waddell
H. M. Marler, M.P.
M. B. Davis

being all the shareholders of the company.

The following waiver of notice signed by the shareholders was produced and filed:—

- 20 WE, the undersigned shareholders in Sir Mortimer Davis Incorporated, do hereby waive notice of the time, place and purpose of a special general meeting of shareholders of the company to be held on Wednesday, October 1st, 1924, for the purpose of considering and if deemed advisable, ratifying, sanctioning and confirming BYLAW "B" of the company relating to the reduction of the share capital of the Company.

(Sgd.) M. B. Davis
(Sgd.) Herbert M. Marler,
(Sgd.) M. B. Davis, Jr.
(Sgd.) J. B. Waddell

- 30 The Secretary read to the meeting BYLAW "B" of the company enacted by the directors of the company held this day.

It was moved by M. B. Davis, seconded by J. B. Waddell and unanimously resolved—

THAT BYLAW "B" of the Company as enacted by the directors at a meeting held this day and as read to this meeting by the Secretary of the Company be and the same is hereby sanctioned, ratified and confirmed.

- 40 THERE BEING NO FURTHER BUSINESS THE MEETING ADJOURNED.

(Sgd.) M. B. Davis, Chairman
(Sgd.) Shaughnessy, Secretary

CERTIFIED TRUE COPY

A. M. Reaper,
Secretary-Treasurer

Montreal, May 17th, 1930.

Exhibits.

P-248.

Resolution of Directors of the Incorporated Company limiting all expenditures and obligations to \$10,000 unless with the express consent of Sir Mortimer Davis, 4th August 1925.

— 381 —

PLAINTIFFS' EXHIBIT P-248

SIR MORTIMER DAVIS, INCORPORATED.

COPY OF RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS HELD AT MONTREAL ON THE 4th DAY OF AUGUST 1925 AT TWO O'CLOCK IN THE AFTER-NOON

- 10 It was moved, seconded and unanimously resolved that no expenditures would be made by the Company, nor obligations incurred thereby in excess of the amount of \$10,000 without the express consent of Sir Mortimer Davis.

DEFENDANTS' EXHIBIT D-13

D-13.
Minutes of Meeting of Directors of Sir Mortimer Davis Incorporated, 10th July 1928.

- 20 MINUTES OF MEETING OF BOARD OF DIRECTORS OF SIR MORTIMER DAVIS, INCORPORATED, HELD AT THE OFFICE OF THE COMPANY, CANADA CEMENT BLDG., MONTREAL, ON TUESDAY, JULY 10TH, 1928, AT 11 O'CLOCK IN THE FORENOON.

There were present:

Lord Shaughnessy
A. M. Reaper

- 30 being a quorum of the Directors.

The Vice President, Lord Shaughnessy, acted as Chairman and Mr. A. M. Reaper as Secretary of the Meeting.

- It was explained that the Meeting had been called to consider an offer made from Philip Segal for Subdivision 2 of Lot 52, situated on Decarie Ave., Notre Dame de Grace, and consisting of 7,500 ft. at \$1. per foot. Draft Deed of Sale prepared by Mr. H. B. McLean, Notary, was also submitted. After consideration, on motion duly
40 made and seconded,

It was resolved:

That the Company sell to Philip Segal of the City of Montreal, Builder, the following immoveable property briefly described as Subdivision 2 of Lot Number Fifty-two (52-2) on the Official Plan and Book of Reference of the Parish of Montreal, without any building thereon erected.

Exhibits.

D-13.
Minutes of
Meeting of
Directors
of Sir
Mortimer
Davis In-
corporated,
10th July
1928—con-
tinued.

That the sale be made for the price of Seven Thousand Five Hundred Dollars on account whereof the said Philip Segal is to pay the sum of One Thousand Dollars in cash upon the execution of the Deed of Sale and the balance or remaining sum of Six Thousand Five Hundred Dollars within six months from the date of the Deed of Sale to be executed with interest thereon at the rate of six per centum per annum to be payable with the principal.

10 That Alexander Morrison Reaper, the Secretary Treasurer be and he is hereby authorized for and on behalf of the Company to sign and execute the Deed of Sale and to consent to such other terms and conditions relative thereto as to him may appear advisable in the interests of the Company; and that the draft Deed of Sale prepared by H. B. McLean, Notary, now before the Meeting be and it is hereby approved.

There being no further business the Meeting then adjourned.

(Signed) SHAUGHNESSY
Chairman.

(Signed) A. M. REAPER.
Secretary.

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PLAINTIFFS' EXHIBIT P-47

MINUTES OF MEETING OF BOARD OF DIRECTORS OF SIR MORTIMER DAVIS, INCORPORATED, HELD AT THE OFFICE OF THE COMPANY, CANADA CEMENT BLDG., MONTREAL, ON MONDAY, DECEMBER 31st, 1928, AT 10.30 O'CLOCK IN THE FORENOON.

Exhibits.
P-47.
Minutes of Meetings of Directors and Shareholders of Incorporated Company, 31st December 1928.

10 There were present
Lord Shaughnessy
A. M. Reaper

being a quorum of the Directors.

Notice calling the Meeting was read and minutes of previous meeting of Directors held on October 11, 1928, were read and confirmed.

The following purchases of stocks were reported:

20 Canadian Industrial Alcohol Co. Limited
Allotment of 61,980 shares "B" stock at \$20 \$1,239,600.00
Crown Trust Company, 150 shares at \$120 18,000.00
Union Cigar Company, 10,000 shares at \$5 50,146.90
Anglo-Scottish Amalgamated Corp, 5,000 for 23,630.13

and on motion duly made and seconded were approved.

30 The Chairman advised that Mrs. E. O'Grady, who had previously been receiving a pension from Sir Mortimer had been given a donation of \$20. per week, payable monthly from May 1st, 1928, which action was confirmed.

It was reported that Mr. T. P. Cochran, a geologist, had been added to our staff from May 1st, 1928, on a monthly salary at the rate of \$5,000 per annum.

Bonus to Lord Shaughnessy of \$5,000. for the year 1927, as had been arranged with Sir Mortimer, had been paid, which action was approved.

40 Balance Sheet as at September 30-28, together with Profit & Loss Account for the 12 months ending that date, with report of the auditors, Messrs Price, Waterhouse & Co., was submitted. Attention was called to the loans which had been made as shown by the statements and the advances made to the Estate of Sir Mortimer B. Davis, all of which were approved and confirmed. After consideration, the statements were, on motion duly made and seconded, approved and ordered to be presented to the Annual Meeting of Shareholders, to be held at 11 o'clock.

- The Chairman advised that as the result of examination and investigation through drilling and other means, an arrangement had been made with the C. S. Donaldson Coal Co. to form a new Company under the name of the Cadillac Coal Co. Limited, which Company would purchase the Federal Coal property owned by us and the Standard Mine owned by the Donaldson Company, the properties to be paid for in bonds of the new Company. It was intended to develop these properties more extensively, advances for which would be treated as loans or paid for in bonds, and Sir Mortimer
- 10 Davis, Incorporated would be issued 90% of the Common stock. The agreement with the Donaldson Co. was submitted and on motion duly made and seconded, was approved and confirmed.

Regarding Oil Areas, it was reported a discussion of the various areas had taken place with Mr. Don Blair, of Los Angeles, Cal., with a view to their development and that tentative agreements had been entered into with Mr. Blair covering terms and conditions under which this development would take place but that, up to the present, no definite decision had been arrived at in this connection.

- 20 The Chairman reported that arrangements had been made to purchase the share interest of the Hon. H. M. Marler in this Corporation, amounting to 500 shares pro rata by the other shareholders in accordance with the By-laws at the price of \$170. per share, which is the value placed on the shares by our auditors for the purpose of succession duties and which value would be submitted as the value to be fixed by the shareholders at the Annual Meeting, in accordance with the By-laws in that connection. Mr. Marler accordingly has executed a Power of Attorney in favor of Lord Shaughnessy to vote his stock and has also submitted his resignation as a Director of the
- 30 Company to take effect forthwith.

Drilling operations at Sudbury were considered unsatisfactory in consequence of which drilling had been discontinued. Further action in this connection was left in abeyance for the time being.

There being no further business the meeting adjourned.

(Sgd.) Shaughnessy
Chairman.

(Sgd.) A. M. Reaper
Secretary.

Exhibits.

P.47.

Minutes of
Meetings of
Directors
and Share-
holders of
Incor-
porated
Company,
31st Dec-
ember 1928
—continued.

MINUTES OF ANNUAL MEETING OF SHAREHOLDERS OF
SIR MORTIMER DAVIS, INCORPORATED, HELD AT THE
OFFICE OF THE COMPANY, CANADA CEMENT BLDG.,
MONTREAL, ON MONDAY, DECEMBER 31st, 1928, AT 11
O'CLOCK IN THE FORENOON.

Exhibits.

—
P.47.
Minutes of
Meetings of
Directors
and Share-
holders of
Incor-
porated
Company,
31st Dec-
ember 1928
—continued.

There were present:

10 Estate Sir Mortimer B. Davis, represented by Lord Shaughnessy
and A. M. Reaper, two of the
Executors;

Lord Shaughnessy,

Hon. H. M. Marler, represented by his proxy,
Lord Shaughnessy;

A. M. Reaper.

Lord Shaughnessy acted as Chairman and Mr. A. M. Reaper as
Secretary of the Meeting.

20 Notice calling the Meeting was read and minutes of previous
Annual Meeting held December 29, 1927, and minutes of Meetings
of Directors held December 29, 1927, January 16th, July 10th and
October 11th, 1928, were read and on motion duly made and sec-
onded were confirmed.

30 The Chairman reported with deep regret the untimely death at
Cannes, France, on March 22nd last, of Sir Mortimer B. Davis. It
is almost unnecessary to record the tremendous loss that this Cor-
poration has suffered and those who have been associated with him
desire to place on record their sympathy with his bereaved family.

Balance Sheet as at September 30, 1928, together with Profit &
Loss Account for the 12 months ending that date, with report of the
auditors, Messrs Price, Waterhouse & Co., was submitted. Atten-
tion was called to the item of Donations, which were unanimously
confirmed. After consideration and discussion, on motion duly
made and seconded, the statements were unanimously approved.

40 It was moved, seconded and unanimously resolved that inasmuch
as the Sir Mortimer Davis Estate was under the necessity of ob-
taining money to meet immediate charges and would probably be
compelled to secure further advances in order to meet legacies,
duties and other charges of the Estate, it was considered expedient
to make these advances, insofar as possible, through this Corporation
and that all advances heretofore made and which may be made here-
after in this connection be and the same are hereby confirmed.

On motion duly made and seconded it was resolved that all
actions of the Directors during the year be approved and confirmed.

In accordance with By-law No. 30, the meeting then proceeded to fix a value on the shares of the Company as provided by said By-law. A statement as of March 31, 1928, signed by the auditors of the Company was submitted, which suggested, based on the earnings of the Company, that the real value of the shares was \$170. per share. In view of this and after giving consideration to the earnings for the past year as shown by the Annual Statement, it was moved seconded and resolved that in accordance with the above mentioned By-law, the real value of the shares of the Company be and the same
10 is hereby fixed at \$170. per share.

The election of Directors for the ensuing year was then proceeded with and it was moved, seconded and resolved that the Secretary cast one ballot in favor of

Lord Shaughnessy
Lady Eleanor Davis
A. M. Reaper

whereupon the Chairman declared these parties elected as Directors of the Company for the ensuing term.
20

On motion duly made and seconded, it was resolved that Messrs. Price, Waterhouse & Co. be reappointed auditors for the ensuing year.

There being no further business the Meeting then adjourned.

(Sgd.) Shaughnessy,
Chairman

30 (Sgd.) A. M. Reaper
Secretary

MINUTES OF MEETING OF BOARD OF DIRECTORS OF SIR MORTIMER DAVIS, INCORPORATED, HELD AT THE OFFICE OF THE COMPANY, CANADA CEMENT BLDG., MONTREAL, ON MONDAY, DECEMBER 31st, 1928, AT 11.30 O'CLOCK IN THE FORENOON, IMMEDIATELY AFTER THE ANNUAL MEETING OF SHAREHOLDERS.

40 There were present

Lord Shaughnessy
A. M. Reaper

being a quorum of the Directors.

Lord Shaughnessy acted as Chairman and Mr. A. M. Reaper as Secretary of the Meeting.

The election of Officers was then proceeded with and the following were, on motion duly made and seconded, elected officers of the Company for the ensuing year.

President	Lord Shaughnessy
Vice President and Secretary Treasurer	A. M. Reaper
Assistant Secretary Treasurer	H. M. Walmsley

10 It was reported that bonus as had been arranged with Sir Mortimer B. Davis of \$5,000. had been paid Lord Shaughnessy for the year 1928, which action was approved.

It was resolved that in place of paying an annual bonus to Lord Shaughnessy that he be placed on a straight salary basis of \$25,000. per annum, payable monthly, commencing from January 1st, 1929.

20 The Chairman suggested that in view of the increased responsibility and work incidental to the death of Sir Mortimer, the salary of Mr. A. M. Reaper be made \$10,000. per annum to commence from January 1st, 1929.

There being no further business the meeting then adjourned.

(Sgd.) SHAUGHNESSY
Chairman

(Sgd.) A. M. REAPER
Secretary

Exhibits.

P-47.
Minutes of
Meetings of
Directors
and Share-
holders of
Incor-
porated
Company,
31st Dec-
ember 1928
—continued.

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40

DEFENDANTS' EXHIBIT D-14

Exhibits.
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D-14.
Minutes of
Directors'
Meeting of
Sir Mortimer Davis
Incorporated,
11th October 1928.

MINUTES OF MEETING OF BOARD OF DIRECTORS OF SIR MORTIMER DAVIS, INCORPORATED, HELD AT THE OFFICE OF THE COMPANY, CANADA CEMENT BUILDING, MONTREAL, ON THURSDAY, OCTOBER 11th, 1928, at 11 O'CLOCK IN THE FORENOON

There were present

10 Lord Shaughnessy
A. M. Reaper

being a quorum of the Directors.

The Vice President, Lord Shaughnessy, acted as Chairman of the Meeting and Mr. A. M. Reaper as Secretary.

Notice calling the Meeting was read and Minutes of previous meeting of Directors held on July 10, 1928, were read and confirmed.

20 It was explained that Mr. Philip Segal was prepared to pay the sum of \$6,500 being the balance of purchase price on lot on Decarie Ave., Notre Dame de Grace, sold to him and that it was necessary to authorize that a proper Deed of Acquittance be executed for such payment, therefore, on motion duly made and seconded,

IT WAS RESOLVED:

30 That the Company receive of and from Philip Segal of the City of Outremont, Contractor, the sum of Six Thousand Five Hundred Dollars, being the balance of price stipulated payable to the Company under the terms of a Deed of Sale from it to the said Philip Segal executed before H. B. McLean, Notary, on the eighth day of August last (1928) registered in the Registry Office for the Registration Division of Montreal under the Number 186596; together with all interest due and accrued thereon.

40 And that Lord Shaughnessy, the Vice President, and Alexander Morrison Reaper, the Secretary Treasurer of the Company be and they are hereby authorized for and on behalf of the Company to sign a Deed of Acquittance for the said sum, a draft of the said Deed prepared by H. B. McLean, Notary, being now before the Meeting and being approved thereat.

There being no further business, the Meeting then adjourned.

(Signed) SHAUGHNESSY,
Chairman.

(Signed) A. M. REAPER,
Secretary.

DEFENDANTS' EXHIBIT D-64

MINUTES OF MEETING OF BOARD OF DIRECTORS OF SIR MORTIMER DAVIS, INCORPORATED, HELD AT THE OFFICE OF THE COMPANY, CANADA CEMENT BLDG. ON THURSDAY JUNE 13TH, 1929, AT 11.30 O'CLOCK IN THE FORENOON.

Exhibits.

D-64.
Minutes of
Directors of
Incor-
porated
Company,
13th June
1929.

10 There were present:
 Lord Shaughnessy
 A. M. Reaper
 being a quorum of the Directors.

 Lord Shaughnessy acted as Chairman and Mr. A. M. Reaper as Secretary of the Meeting.

20 It was explained that Mr. Philip Segal was now prepared to pay the sum of \$10,697 being the balance of purchase price on Lots on Colbrooke Ave., Notre Dame de Grace, sold to him and that it was necessary to authorize that a proper Deed of Acquittance be executed for such payment. Therefore, on motion duly made and seconded,

IT WAS RESOLVED:

30 That the Company receive of and from Philip Segal of the City of Outremont, Contractor, the sum of Ten thousand six hundred and Ninety-seven dollars, being the balance of price stipulated payable to the Company under the terms of a Deed of Sale from it to Philip Segal executed before H. B. McLean, Notary, on the twenty-fourth day of April Nineteen hundred and twenty-nine, registered in the Registry Office for the Registration Division of Montreal under the Number 210595; together with all interest due and accrued thereon.

40 And that Lord Shaughnessy the President and Alexander Morrison Reaper the Secretary Treasurer of the Company be and they are hereby authorized for and on behalf of the Company to sign a Deed of Acquittance for the said sum; a draft of the said Deed prepared by H. B. McLean, Notary, being now before the Meeting and being approved thereat.

 There being no further business, the Meeting then adjourned.

SHAUGHNESSY,
Chairman.

A. M. REAPER,
Secretary.

DEFENDANTS' EXHIBIT D-65

MINUTES OF MEETING OF BOARD OF DIRECTORS OF SIR MORTIMER DAVIS, INCORPORATED, HELD AT THE OFFICE OF THE COMPANY, CANADA CEMENT BLDG., ON THURSDAY, JUNE 27th, 1929, AT ELEVEN O'CLOCK IN THE FORENOON.

There were present:

Exhibits.

10

Lord Shaughnessy

A. M. Reaper

D-65.

Minutes of
Directors of
Incorporated
Company,
27th June
1929.

being a quorum of the Directors.

Lord Shaughnessy acted as Chairman and Mr. A. M. Reaper as Secretary of the Meeting.

20 It was explained that the new building for the Young Men's Hebrew Association, which the late Sir Mortimer B. Davis had undertaken to erect for their use was now about completed, that the dedication services had been arranged for and that a Deed of Conveyance should now be made of the property to the Y. M. H. A. and as this Company had been holding the property in trust on behalf of the late Sir Mortimer and his Estate, it was necessary that authorization be given to sign such Deed.

Draft Deed of Conveyance as prepared by E. W. H. Phillips, Notary, was submitted and after consideration on motion duly made and seconded,

30

IT WAS RESOLVED:

40 That the Draft Deed of Conveyance prepared by E. W. H. Phillips, Notary, from this Company to the Young Men's Hebrew Association, conveying Subdivision Lots Numbers 3, 4, 5, 6, 7 and 8 of Cadastral Lot Number 14 of the Village of Cote St. Louis, with the building thereon, for the purposes in said Deed stated, be and is hereby approved and Rt. Hon. Lord Shaughnessy, President, and Mr. A. M. Reaper, Secretary Treasurer of this Company be and are hereby authorized to sign and execute the same.

There being no further business, the Meeting then adjourned.

SHAUGHNESSY
Chairman.

A. M. REAPER
Secretary.

DEFENDANTS' EXHIBIT D-66

MINUTES OF MEETING OF BOARD OF DIRECTORS OF SIR MORTIMER DAVIS, INCORPORATED, HELD AT THE OFFICE OF THE COMPANY, CANADA CEMENT BLDG., ON SATURDAY, AUGUST 4th, 1929, AT ELEVEN O'CLOCK IN THE FORENOON

Exhibits.
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D-66.
Minutes of
Directors of
Incor-
porated
Company,
4th August
1929.

10 There were present:

Lord Shaughnessy
A. M. Reaper.

being a quorum of the Directors.

Lord Shaughnessy acted as Chairman and Mr. A. M. Reaper as Secretary of the Meeting.

20 The Chairman explained that the meeting had been called for the purpose of passing a Resolution confirming understanding with the D. M. Steindler Holding Co. Incorporated whereby we would intervene and allow the Credit Foncier Franco-Canadien priority over our lien on property on St. Lawrence Blvd and Clarke Street for \$35,000 which amount was being borrowed by the D. M. Steindler Holding Co. Incorporated to cover the cost of additions and improvements to the said property. Therefore, on motion duly made and seconded.

IT WAS RESOLVED:

30 That the Company intervene in the Deed of Loan from the Credit Foncier Franco-Canadien to the D. M. Steindler Holding Co. Incorporated for the sum of Thirty-five Thousand Dollars repayable in five years with interest at the rate of six per centum per annum hypothecating the property forming the Southwest part of lot Number Three Hundred and Fifty-one (351) of the Official Plan and in the Book of Reference of the St. Lawrence Ward and to give and grant priority to the hypothec therein created in favour of the said Credit Foncier Franco-Canadien over the hypothec existing in favour of the Company in virtue of a Deed of Agreement executed before H. M. Marler, Notary, on the thirtieth day of June Nineteen hundred and twenty and registered in the Registry Office for the Registration
40 Division of Montreal East under the Number 113284; consenting and agreeing that in the event of any sale of the said property be it judicial or otherwise that the Credit Foncier Franco-Canadien will be paid by preference over its individual claim in principal, interest and accessories.

That Lord Shaughnessy the President of the Company be and he is hereby authorized for and on the Company's behalf to sign the

D-66.
Minutes of
Directors of
Incorporated
Company,
4th August
1929—con-
tinued.

intervention to the said Deed of Loan from the Credit Foncier Franco-Canadien to the D. M. Steindler Holding Company Incorporated, a draft of which Deed prepared by H. E. Herschorn, Notary, being now before the Meeting and approved thereat.

There being no further business the Meeting then adjourned.

SHAUGHNESSY,
Chairman.

10

A. M. REAPER,
Secretary.

PLAINTIFFS' EXHIBIT P-262

20 COPY OF MINUTES OF MEETING OF BOARD OF DIRECTORS OF SIR MORTIMER DAVIS, INCORPORATED, HELD AT THE OFFICE OF THE COMPANY, CANADA CEMENT BLDG., ON FRIDAY, OCTOBER 18TH, 1929, AT THREE O'CLOCK IN THE AFTERNOON.

There were present:

Lord Shaughnessy
Lady Davis
A. M. Reaper

Being all the Directors of the Company.

Lord Shaughnessy acted as Chairman and Mr. A. M. Reaper as Secretary of the Meeting.

P-262.
Minutes of
Meeting of
Directors of
Incorporated
Company,
18th October
1929.

30 RE OIL LEASES: The situation regarding these was explained and it was agreed that leases on areas not considered to be favorably located be allowed to lapse.

RE ST. JAMES ST.: It was reported that the building which had been in rather poor condition had been demolished and several offers had been made to rent the space for parking and advertising purposes at the rate of \$1200. per annum. It was decided that an effort be made to secure a better rental subject, of course, to cancellation on short notice in the event of sale or decision to build.

40 RE DONATIONS: After discussion it was decided that all donations with the exception of that to Mrs. E. O'Grady be discontinued.

There being no further business the Meeting then adjourned.

(Signed) SHAUGHNESSY,
Chairman.

(Signed) A. M. REAPER,
Secretary.

**Exhibit Group No. 13: Lord Shaughnessy's Contract of
Sept. 17, 1924, and matters arising therefrom**

PLAINTIFFS' EXHIBIT P-13

Exhibits.

P-13.

Agreement
between Sir
Mortimer
Davis, In-
corporated
Company,
Lord
Shaugh-
nessy, and
H. M. Mar-
ler and H. B.
McLean,
Trustees,
17th Sept-
ember 1924.

MEMORANDUM OF AGREEMENT executed at the City of Montreal on the seventeenth day of September, Nineteen hundred and twenty-four;

10 BETWEEN:

SIR MORTIMER B. DAVIS presently in the City of Montreal,
Canada, Knight;

Of the First Part;

AND

20 SIR MORTIMER DAVIS INCORPORATED, a body politic and corporate, duly incorporated, herein represented by John Bell Waddell its Vice-President, and Herbert Bayne McLean its Secretary, hereunto duly authorized in virtue of a resolution of the Board of Directors of said Company dated the seventeenth day of September, Nineteen hundred and twenty-four, copy whereof duly initialled by the parties hereto for identification remains hereto annexed, (hereinafter called the 'Company');

Of the Second Part;

AND

30 WILLIAM JAMES, BARON SHAUGHNESSY, of Montreal, Canada, and Ashford, County Limerick, in the United Kingdom, King's Counsel, (hereinafter called 'Shaughnessy');

Of the Third Part;

AND

40 HERBERT M. MARLER, and HERBERT B. MACLEAN, Notaries, both of the City and District of Montreal, (hereinafter called the 'Trustees');

Of the Fourth Part.

WHEREAS the First Party is the owner of the controlling interest in the Twenty Year Six Per Cent Notes and in the shares of the capital stock of Sir Mortimer Davis Incorporated, the Party of the Second Part, and is greatly interested in the future development and success of said Company; and

WHEREAS the said Shaughnessy is about to enter the employ of the said Company, and can in the opinion of the First Party contribute to the development and successful conduct of the business of the Company; and

10 WHEREAS the First Party desires to interest the said Shaughnessy in the said Company and with that object in view has determined to set aside by transferring and delivering to the Trustees in trust an amount in face value of the Notes of said Company, and in par value of the shares of its capital stock, as hereinafter set forth, which Notes and shares will, subject to the due fulfilment of the conditions hereinafter provided, be delivered in full ownership to the said Shaughnessy, or in the event of non-fulfilment of such conditions, be returned to the First Party;

NOW THEREFORE THIS AGREEMENT WITNESSETH and the parties hereto have agreed each with the other, as follows:—

20 1. The said Shaughnessy will forthwith enter the employ of the Company and the Company agrees to engage the said Shaughnessy in the capacity of General Counsel, or in such other capacity as the Board of Directors may from time to time determine, at a fixed salary of Twenty thousand dollars (\$20,000.00) per annum, payable monthly, and during the period of his said employment the said Shaughnessy undertakes to devote all of his time, attention and energies to the advancement of the affairs of the Company in whatever capacity in which he may be employed or to the extent and in the manner which the Directors of the Company may from time to time determine. And it is understood and agreed that in the event of the services of said Shaughnessy being unsatisfactory, the said Sir Mortimer B. Davis may during his lifetime cancel this agreement and dismiss the said Shaughnessy without any compensation whatever and upon six months' notice to that effect in writing, in which event the Notes and shares herein referred to shall be transferred and delivered by the Trustees to the Party of the First Part.

10 2. Should the said Shaughnessy remain in the uninterrupted employment of the Company during a period of five years computed from the date hereof, as evidenced by a certificate in writing of the President or Vice-President of the Company, and at the expiration of the said period be still in the employ of the Company, then the said Shaughnessy shall be entitled to receive from the Trustees, and the Trustees shall on presentation of such certificate transfer and deliver to him the Notes and shares of the Company hereinafter referred to as his absolute property.

Exhibits.
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P-13.
Agreement
between Sir
Mortimer
Davis, In-
corporated
Company,
Lord
Shaugh-
nessy, and
H. M. Mar-
ler and H. B.
McLean,
Trustees,
17th Sept-
ember 1924
—continued.

Exhibits.

—
P-13.

Agreement
between Sir
Mortimer
Davis, In-
corporated
Company,
Lord
Shaugh-
nessy, and
H. M. Mar-
ler and H. B.
McLean,
Trustees,
17th Sept-
ember 1924
—continued.

3. In the event of the death of Sir Mortimer B. Davis before the expiration of five years above referred to, it is hereby agreed as follows:—

10 (a) Should such death occur before the said Shaughnessy has been in the employ of the Company for a period of two and a half years from the date hereof, and said Shaughnessy is still in the employ of the Company, the said Shaughnessy shall either remain in the employ of the Company under the conditions hereof, or, if it be deemed advisable, the services of the said Shaughnessy may be dispensed with by the Board of Directors of the Company by six months' notice in writing to that effect to said Shaughnessy, and the payment to him of the sum of Fifty Thousand Dollars (\$50,000.00), and in the latter case the First Party shall be entitled to receive from the Trustees and they shall transfer and deliver to the Estate of the First Party the Notes and shares hereinafter mentioned;

20 (b) Should such death occur after the said Shaughnessy has been in the employ of the Company for two and a half years, but before the expiration of five years from the date hereof, and the said Shaughnessy is still in the employ of the Company, the said Shaughnessy will nevertheless remain in the employ of said Company in the same position as that which he occupies at the time of said death, and at a salary not less than that which he is receiving at such time, for the balance of the five years hereinabove mentioned, and subject to all the terms and conditions of this agreement in respect to the Notes and shares hereinafter mentioned, and the said Shaughnessy agrees to so remain in the employ of the Company, provided, how-
30 ever, that in the event of notice being given in accordance with paragraph 3 (a) hereof, the length of service shall coincide with the date of the giving of said notice.

4. The First Party has concurrently with the execution of this agreement transferred and delivered to the Trustees One hundred and Ninety-six thousand Five hundred (\$196,500.00) face value of the Six Per Cent Twenty Year Notes of Sir Mortimer Davis Incorporated, and Two thousand three hundred and seventy-five (2,375) shares of the capital stock of Sir Mortimer Davis Incorporated, which
40 notes and shares shall be held by the said Trustees subject to the conditions herein provided. The Trustees shall hold the said Notes and shares in trust and subject at all times to the provisions of this agreement, shall at the expiration of five years from the date hereof deliver to said Shaughnessy the said Notes and shares as his absolute property.

5. And the First Party agrees that in the event of the Company

at any time increasing the Notes or capital stock of the Company, he will add to the amount of the Notes and shares transferred and delivered to the Trustees such amount of Notes and shares as will make the total amount of Notes and shares deposited bear the same proportion to the total amount of Notes and shares created and issued as the Notes and shares now deposited bear to the present notes and shares of the Company created and issued.

10 6. Interest paid upon the Notes, and dividends, if any, declared upon the shares held by the Trustees shall so long as they are so held be paid to the First Party.

7. The Trustees shall vote upon the shares held by them in the manner aforesaid as directed by the said Sir Mortimer B. Davis, or those representing him, and shall for such purpose appoint him or them their irrevocable attorney or attorneys to attend, act and vote on their behalf all shareholders' meetings, or meetings of the holders of said Notes.

20 8. The consideration for the present agreement is in the nature of a gift and in view of the services to be rendered to the Company by said Shaughnessy, who hereby undertakes and agrees for himself and his representatives that should he or they at any time after becoming owner of the said Notes and shares desire to sell the same or any part thereof, he or they will offer them in the first instance to the First Party at the market value thereof, and failing such market value, at the book value thereof as shown by the last preceding annual statement of said Company, and afford the First Party a period of
30 one month immediately following such offer within which to purchase such shares at the price established as aforesaid, and the First Party shall have the right within such period to purchase the shares at said price.

Exhibits.

—
P-13.

Agreement
between Sir
Mortimer
Davis, In-
corporated
Company,
Lord
Shaugh-
nessy, and
H. M. Mar-
ler and H. B.
McLean,
Trustees,
17th Sept-
ember 1924
—continued.

40 9. There shall always be two Trustees of the trust hereunder. In the event therefore of the death or resignation of either of the said Trustees herein named, another or others shall be appointed to make the number up to two by the First Party should he be alive. Should he be dead, by his Executors.

10. The Trustees without assuming any personal responsibility agree to hold, use and dispose of said Notes and shares in accordance with the terms of this agreement.

IN WITNESS WHEREOF the parties hereto have set their

Exhibits.

P.13.

Agreement
between Sir
Mortimer
Davis, In-
corporated
Company,
Lord
Shaugh-
nessy, and
H. M. Mar-
ler and H. B.
McLean,
Trustees,
17th Sept-
ember 1924
—continued.

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hands and seals to these presents on the day, month and year firstly
above written.

M. B. DAVIS.

Corporate Seal. SIR MORTIMER DAVIS INCORPORATED

J. B. WADDELL,
Vice-Pres.

H. B. McLEAN,
Sec. Treas.

HERBERT MARLER.

SHAUGHNESSY.

10


20

30

40

Exhibits.
P-79.
Specimen
Serial Note
of the In-
corporated
Company.

PLAINTIFFS' EXHIBIT P-79



SIR MORTIMER DAVIS, INCORPORATED.

(INCORPORATED UNDER THE QUEBEC COMPANIES ACT)

AUTHORIZED CAPITAL, \$10,000,000, DIVIDED INTO 100,000 SHARES OF \$100 EACH.

TWENTY-YEAR SIX PER CENT NOTES.

THIS NOTE IS ONE OF AN AUTHORIZED ISSUE OF TWENTY YEAR SIX PER CENT NOTES DATED THE FIRST OCTOBER, 1919, DUE THE FIRST DAY OF OCTOBER, 1939, OF AN AGGREGATE PRINCIPAL AMOUNT LIMITED TO FIVE MILLION DOLLARS (\$5,000,000), WHICH MAY BE ISSUED IN A SERIAL NUMBER TO BE INDICATED ON THE NOTES WITH A CORRESPONDING NUMBER IN THE SEVEN AND EIGHT DOLLAR OF PRINCIPAL HAS SHALL KEEP FOR THAT PURPOSE, ALL OF THE SAID NOTES BEAR INTEREST AT THE RATE OF SIX PER CENT PER ANNUM AND RANK PAR NOTICE AND AT THE PRICE OF FORTY PER CENT OF PAR VALUE OF THE NOTES IN WHOLE OR IN PART ON ONE MONTH'S WRITTEN DEMAND DOLLARS (\$100,000,000) AGGREGATE PAR VALUE OF THE NOTES SHALL BE REDEEMED AND PAID BY THE COMPANY ON THE FIRST DAY OF OCTOBER, 1939, OR AT THE OPTION OF THE NOTES BEARING SERIAL NUMBERS AND NOTICE OF THE NUMBERS SO DRAWN SHALL BE SENT TO THE HOLDERS OF THE NOTES BEARING SUCH SERIAL NUMBERS BY REGISTERED MAIL TO THEIR LAST KNOWN POST OFFICE ADDRESS AT LEAST TWO BY THE SERIAL NUMBERS SO DRAWN SHALL CEASE ON THE PRESENTION AND PAYMENT OF THE PRINCIPAL PRINCIPAL REPRESENTED SERIAL NUMBER EACH NUMBER SHALL BE CANCELLED ON THE REGISTRY BOOKS AND THE NOTE BEARING SUCH NUMBER SHALL ALSO THE PRINCIPAL OF SUCH NOTE OR NOTES SHALL BE REDUCED TO THE AMOUNT PAID IN REGISTRATION NUMBERED SERIALS LIMITED AND ONE THOUSAND DOLLARS COVERED BY THE SERIAL NUMBER OR NOTES SO CANCELLED. THIS ISSUE OF NOTES IS MADE UNDER THE AUTHORITY OF AT A SPECIAL GENERAL MEETING OF THE COMPANY HELD AT THE HOTEL MONTELEONE, NEW YORK CITY, ON SEPTEMBER 11, 1919, AND OF A RESOLUTION OF THE BOARD OF DIRECTORS PASSED ON THE SAID TWENTY-SIXTH DAY OF SEPTEMBER, 1919.

Sir Mortimer Davis, Incorporated (hereinafter called "the Company") for value received hereby promises to pay to _____ *or* _____ *registered assigns on the first day of October, 1939, or on such earlier date as the principal hereof becomes payable in accordance with the provisions hereof which have received explanation and surrender of this Note,*

the sum of _____ *Dollars (\$* _____ *)*

in lawful currency of the Dominion of Canada at the office of the Company in the City of Montreal, and to pay interest thereon from the first day of October, 1919, at the rate of Six per cent per annum at the said place in like currency on the thirty-first day of August and the thirty-first day of September, in each year until the maturity of this Note.

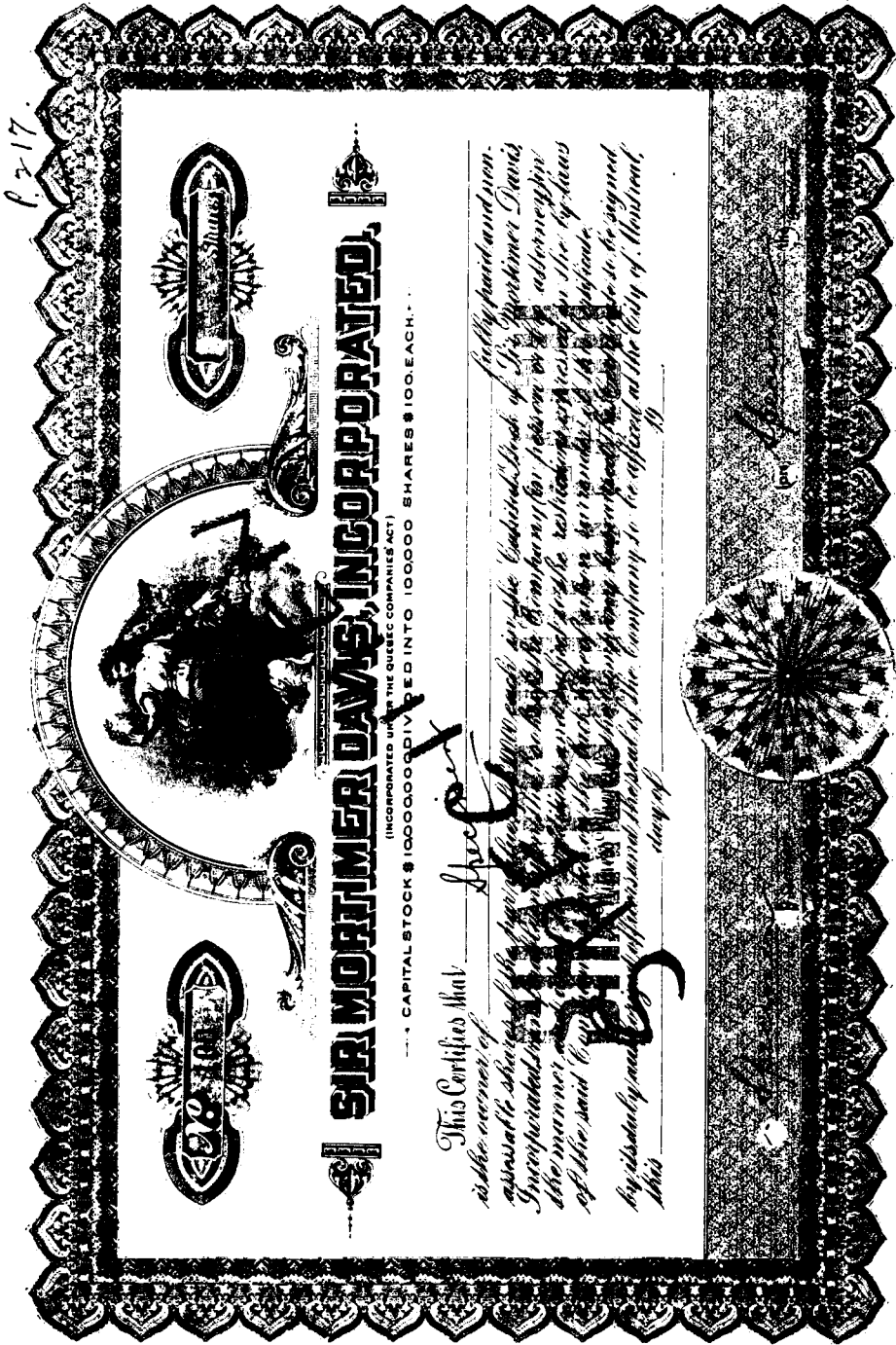
Sir Mortimer Davis, Incorporated *Witness, Sir Mortimer Davis, Incorporated* *has caused this note to be printed and countersigned by its Secretary or Assistant Secretary this first day of October, 1919.*

Secretary

President

Exhibits.
P-217.
Specimen
Share
Certificate
of the In-
corporated
Company.

PLAINTIFFS' EXHIBIT P-217



PLAINTIFFS' EXHIBIT P-83

10 SIR MORTIMER DAVIS INC.

Position of 50,000 shares outstanding from Treasury of Company on October 1st, 1924.

Exhibits.

P-83.

Memo-
randum *re*
distribution
by the In-
corporated
Company
of 32,500
Treasury
Shares,
1st October
1924.

20

H. M. Marler.....	500 Shares
J. B. Waddell.....	2,500 do.
Sir M. B. Davis.....	44,620
Directors.....	5
Marler, etc.....	2,375
	<hr/>
	47,000 do.
Total.....	50,000 Shares

30 Distribution same date of 32,500⁵ additional shares equivalent to 65% of outstanding Capital of 50,000 shares.

H. M. Marler.....	325 Shares —65% on 500 shares
J. B. Waddell.....	1,625 Shares —65% on 2,500 shares
Sir M. B. Davis.....	28,925
Marler, McLean.....	1,625
	<hr/>
	30,550 Shares —65% on 47,000 shares
Total.....	32,500 Shares —65% on 50,000 shares

40

Exhibits.
P-80.
Share Register of the Incorporated Company showing account of "H. M. Marler and H. B. McLean," 1919-1929.

PLAINTIFFS' EXHIBIT P-80

NAME—H. M. MARLER AND H. B. MACLEAN

Date	Cert. No.	Transfer No.	To or From Whom	Folio	Shares	SOLD Cr. Am't of Stock	Dr. Paid up	Shares	Bought Dr. Am't of Stock	Cr. Am't of Stock	Shares	BALANCES		
												Dr. Am't of Stock	Cr. Paid up	
1919 Oct. 1	1	6	From Sir Mortimer B. Davis	6	2,500			2,500	\$250,000.00	\$250,000.00				
1923 July 30		8	To J. B. Waddell.....	7	2,500									
1924 Oct. 1	1		Allotment to as Trustees under agreement with Lord Shaughnessy.....					1,625	162,500.00	162,500.00				
"	"		By purchase in virtue of By-Law B.....			1,625	162,500.							
Nov. 5 1929 March 30	5 O27		From Sir Mortimer B. Davis	6				2,375	237,500.00	237,500.00		2,375		\$237,500.00
"	"		From H. M. Marler.....	8				25	2,500.00	2,500.00		2,400		240,000.00
Sept. 20	O29		To Lord Shaughnessy.....	12	2,400	\$240,000.00	240,000.00							φ

ADDRESS—MONTREAL

OCCUPATION—

PLAINTIFFS' EXHIBIT P-14

MONTREAL October 15th, 1924.

Rt. Hon. Lord Shaughnessy,
Canada Cement Bldg.,
Montreal, Que.

Exhibits.

P-14.

Letter
to Lord
Shaugh-
nessy from
Incor-
porated
Company
modifying
Agreement
of Sept-
ember 17th,
1924,
15th Octo-
ber 1924.

Dear Sir:—

10 With reference to our conversation of yesterday I desire to confirm the agreement then arrived at between you and Sir Mortimer Davis and this Company, relating to the matter of Directorships.

It is understood that any remuneration which you may receive, as a Director of this Company, or any remuneration paid to you for services as a Director by any other Company in which this Company is largely interested, will be paid in by you to this Company and not retained by you personally.

20 I understand, however, that you are at present on the Board of Directors of the following Companies:

Canadian Pacific Railway Company
West Kootenay Light & Power Co.,
Yorkshire Insurance Co.,
Canadian Salt Company.

30 It is, of course, agreed by us that you may continue your connection with these Companies and that any remuneration received by you, as Director or Officer of the same, will be retained by you as your own personal property.

The same conditions will apply to any Directorships you may accept in the future in Companies in which this Company is not largely interested, provided, however, that you will not accept any Directorships without first obtaining consent of the President or Vice President of this Company.

40 It is further understood that the terms of this letter shall form part of the contract between you and this Company and Sir Mortimer Davis, dated September 17th, 1924.

Yours truly,

SIR MORTIMER DAVIS, INCORPORATED

J. B. WADDELL

Vice-President.

Agreed:

Shaughnessy.

PLAINTIFFS' EXHIBIT P-15

MEMORANDUM OF AGREEMENT made this 5th day
of May, 1928, by and between

SIR MORTIMER DAVIS, INCORPORATED, a Corporation
organized under the laws of the Province of Quebec, herein repre-
sented by Rt. Hon. Lord Shaughnessy, its President, and A. M.
Reaper, its Secretary Treasurer, herein duly authorized, and the
Trustees and Executors of the last Will and Testament of the late
Sir Mortimer B. Davis,

Parties of the First Part;

and

RT. HON. LORD SHAUGHNESSY,

Party of the Second Part;

WHEREAS under date of September 17th, 1924, a contract
was entered into by Sir Mortimer Davis, Incorporated; Sir Mortimer
B. Davis, personally; and Rt. Hon. Lord Shaughnessy, relating to
the placing in trust with Hon. H. M. Marler and H. B. McLean,
Trustees, of certain 6% Serial Notes and shares of the Capital Stock
of Sir Mortimer Davis, Incorporated, to be delivered to said Shaugh-
nessy upon the fulfillment of and according to the conditions of said
contract and whereas it was subsequently agreed between the
Parties to said contract that the condition hereinafter expressed by
and the same form part of said contract

NOW THEREFORE THIS AGREEMENT WITNESSETH
AND IT IS MUTUALLY AGREED BETWEEN THE
PARTIES AS FOLLOWS:

(1) Should the Party of the Second Part before the expiration
of the period mentioned in said contract of September 17th, 1924,
and while still in the employ of the Company, become incapacitated
or die, then the Party of the Second Part and his heirs and repre-
sentatives shall be entitled to the number of shares proportionate to
the period of time which shall have elapsed, and said proportionate
number of shares (disregarding any fraction) shall be transferred
and delivered by the Trustees to the said Party of the Second Part,
or his representatives, as provided in said contract.

(2) That in order to clarify and make certain the terms of that
certain letter dated October 15th, 1924, from Sir Mortimer Davis,
Incorporated to Rt. Hon. Lord Shaughnessy, with reference to the

Exhibits.

P-15.
Modification
of Agreement
of Sept-
ember 17th,
1924,
5th May
1928.

obligation on the part of the latter to turn in to Sir Mortimer Davis, Incorporated, all director's fees received from any Company in which Sir Mortimer Davis, Incorporated, is largely interested and the subsequent agreement that this letter does not cover and was not intended to cover remuneration received by the said Shaughnessy as an officer of the Canadian Industrial Alcohol Co. Limited, or as an officer in any other Company which Sir Mortimer Davis, Incorporated, may or may not be interested. It is agreed that the said
10 Shaughnessy shall not be held to account to Sir Mortimer Davis, Incorporated, for any remuneration which he has received, or may in the future receive as an officer of the Canadian Industrial Alcohol Co. Limited, or as an officer in any other Company in which Sir Mortimer Davis, Incorporated, may be interested but such remuneration shall have been, shall be and shall continue to be his own personal property any writings or agreements to the contrary notwithstanding but that the provisions relating to director's fees shall remain unaltered.

Exhibits.

—
P-15.
Modification
of Agree-
ment of
September
17th, 1924,
5th May
1928—con-
tinued.

20 IN WITNESS WHEREOF the Parties hereto have signed these presents at the place on the date, month and year first hereinabove written.

SIR MORTIMER DAVIS, INCORPORATED,

Shaughnessy, Vice-President,
A. M. Reaper, Secretary-Treasurer.

ESTATE SIR MORTIMER B. DAVIS,

30

Shaughnessy
Eleanor Davis
A. M. Reaper

Executors.

40

PLAINTIFFS' EXHIBIT P-17 (a)

Montreal, September 18th 1929.

Hon. H. M. Marler and H. B. McLean,
Trustees,
Montreal, Que.

Exhibits.

P-17 (a).
Letter
to H. M.
Marler
and H. B.
McLean,
Trustees,
from Lord
Shaugh-
nessy,
18th Sept-
ember 1929.

10 Dear Sirs,

I am furnishing to you under separate cover a certificate called for by the Agreement of September 17th, 1924, between Sir Mortimer B. Davis, Sir Mortimer Davis, Incorporated, myself and yourselves relating to the holding in escrow for a period of five years certain 6% Notes and shares of the Ordinary stock of Sir Mortimer Davis, Incorporated to be delivered to me as my absolute property, according to the terms of said agreement.

20 In this connection I would like to point out that on September 30th, 1924, after increasing the stock of Sir Mortimer Davis, Incorporated, the shares represented by said increase were repurchased by the Company in reduction of capital and, as a result of this transaction, you should have been paid on my behalf the sum of \$162,500. which sum, together with interest thereon, would be delivered to me under the same terms and conditions and simultaneously with the notes and shares.

30 This sum, however, was not paid to you but was credited to you on my behalf in the books of Sir Mortimer Davis, Incorporated, and has been carried in that manner since the above date of September 30th, 1924. An adjustment of this sum will, therefore, be made between Sir Mortimer Davis, Incorporated, and myself in consequence of which I hereby release the trustees from any liability in that connection.

40 In addition to the above, on December 4th last, the shareholders of the Company purchased the interest of Hon. H. M. Marler and under this transaction there was allotted to you on my behalf the number of shares which I was entitled to purchase, viz: 25 shares, with the payment for which I have been debited in the books of Sir Mortimer Davis, Incorporated, and which will be taken into account in the adjustment between that Company and myself but I enclose herewith the Stock Certificate in that connection with the request that you will kindly endorse it and turn it over with the other securities.

Exhibits.

P-17 (a).
Letter
to H. M.
Marler
and H. B.
McLean,
Trustees,
from Lord
Shaugh-
nessy,
18th Sept-
ember 1929
—continued.

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I would also request that you deliver over all the certificates for notes and shares to A. M. Reaper, Esq., who is authorized to accept the same on my behalf and give a receipt therefor.

Yours very truly,

SHAUGHNESSY.

10

PLAINTIFFS' EXHIBIT P-17 (b)

Montreal, September 18th, 1929.

Hon. H. M. Marler and H. B. McLean,
Trustees,
Montreal, Que.

P-17 (b).
Letter
to H. M.
Marler
and H. B.
McLean,
Trustees,
from In-
corporated
Company,
18th Sept-
ember 1929.

20 Dear Sirs,

This will certify that the Rt. Hon. Lord Shaughnessy, K.C., has been in the uninterrupted employment of Sir Mortimer Davis Incorporated since the 17th day of September 1924 and is still in the employment of that Company.

This certificate is given to you in virtue of Article 2 of the Agreement between Sir Mortimer B. Davis, Sir Mortimer Davis Incorporated, Rt. Hon. Lord Shaughnessy and Herbert M. Marler and Herbert B. McLean, dated at Montreal September 17th 1924.

30

Yours truly,

SIR MORTIMER DAVIS INCORPORATED,
SHAUGHNESSY,
President.

PLAINTIFFS' EXHIBIT P-98

40

Received from Herbert Meredith Marler and Herbert Bayne McLean, Trustees under an Agreement executed under Private Signature at the City of Montreal on the Seventeenth day of September, Nineteen hundred and twenty-four, between Sir Mortimer B. Davis, Sir Mortimer Davis Incorporated, The Right Honourable Lord Shaughnessy and the said Herbert Meredith Marler and Herbert Bayne McLean the following securities:

P-98.
Receipt
to H. M.
Marler *et al.*,
Trustees,
from Lord
Shaugh-
nessy,
19th Sept-
ember 1929.

Exhibits.
 P-98.
 Receipt
 to H. M.
 Marler *et al.*,
 Trustees,
 from Lord
 Shaugh-
 nessy,
 19th Sept-
 ember 1929
 —continued.

\$196,500. Face Value of the 6% 20 Year Notes of Sir Mortimer Davis Incorporated.
 2375 shares of the Capital Stock of Sir Mortimer Davis Incorporated.
 25 shares of the Capital Stock of Sir Mortimer Davis Incorporated,
 all endorsed to the order of Lord Shaughnessy.

10 Montreal, 19th September, 1929. A. M. REAPER,
 for Lord Shaughnessy,

PLAINTIFFS' EXHIBIT P-96

Lord Shaughnessy

20 In Account with

SIR MORTIMER DAVIS INCORPORATED

1929

Sept. 25 By Balance of a/c, H. M. Marler & H. B. McLean, Trustees, after deduction for 25 shares Sir Mortimer Davis, Inc. being proportion of 500 shares of Hon. H. M. Marler, purchased by other shareholders pro rata to their holdings at \$170. per share \$213,380.73

30

30 Interest on \$196,500. Serial Notes from Sept. 17 to Sept. 30/29 419.92

\$213,800.65

Sept. 25 To Loan of \$50,000. of Nov. 3/26 with Interest accrued 59,340.63
 do of \$10,000. of Jan. 5/29 with Interest accrued 10,436.47

40

24 To Cheques to Red-path & Co. 15,885.

25 To Cheque to Red-path & Co. 3,890.

25 To Cheque to Red-Path & Co. 124,848.63

144,623.63

P-96.
 Statement
 showing
 withdrawals
 by Lord
 Shaugh-
 nessy from
 the funds of
 the Incor-
 porated
 Company, of
 \$213,800.65,
 25th Sept-
 ember 1929.

Exhibits.

— 409 —

P-96.
Statement showing withdrawals by Lord Shaughnessy from the funds of the Incorporated Company, of \$213,800.65, 25th September 1929
—continued.

Sept. 10	To	Jas. Matthews	35.		
12		Sidney Gidman	20.		
17		Jas. Matthews	35.		
30		do	70.	160.	214,560.73
<hr/>					
Sept. 30	To	Balance per Balance Sheet			\$760.08
Oct. 2	"	Montreal Light, Heat & Power			28.90
<hr/>					
					\$788.98
10 Oct. 9	By	Cash		748.98	
31	do			40.00	\$788.98

PLAINTIFFS' EXHIBIT P-70

No. 2854 Montreal, Sept. 24th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Redpath & Co., or Order, Fifteen thousand eight hundred and eighty-five Dollars.

20 \$15,885.00

Sir Mortimer Davis Inc.
A. M. Reaper, V. President.
H. M. Walmsley, Asst. Sec.-Treas.

Endorsed by Redpath & Co.

No. 2856 Montreal, Sept. 25th, 1929

THE CANADIAN BANK OF COMMERCE
Montreal Branch

30 Pay Lord Shaughnessy, or Order, One hundred and twenty-four thousand eight hundred and forty-eight. 63 Dollars.

\$124,848.63

Sir Mortimer Davis, Incorporated.
A. M. Reaper, V. Pres.
H. M. Walmsley, Asst. Sec.-Treas.

Endorsed—For deposit only to Credit of Lord Shaughnessy by A. M. Reaper, Sec'y.

No. 2857 Montreal, Sept. 28th, 1929.

THE CANADIAN BANK OF COMMERCE
Montreal Branch

40 Pay Redpath & Co., or Order, Three thousand eight hundred & ninety Dollars.

\$3,890.00

Sir Mortimer Davis Incorporated.
A. M. Reaper, V. President.
H. M. Walmsley, Asst. Sec.-Treas.

Endorsed—Redpath & Co.

P-70.
Cheques (3) of Incorporated Company to order of Redpath & Co., \$15,855; Lord Shaughnessy, \$124,848.63; and Redpath & Co., \$3,890, 24th September 1929.

DEFENDANTS' EXHIBIT D-75

Exhibits.
—
D-75.
Notarial
Discharge
to H. M.
Marler
and H. B.
McLean,
Trustees
by Lord
Shaugh-
nessy,
7th October
1929.

BEFORE M^{TRE.} HOWARD P. HONEY the undersigned Public Notary for the Province of Quebec, practising at the City of Montreal.

APPEARED:

HERBERT MEREDITH MARLER and HERBERT BAYNE
10 McLEAN both of the City of Montreal Notaries in their quality of Trustees under an Agreement executed under private signature at the City of Montreal on the Seventeenth day of September Nineteen hundred and twenty-four between Sir Mortimer B. Davis, Sir Mortimer Davis Incorporated, The Right Honourable Lord Shaughnessy and the said Herbert Meredith Marler and Herbert Bayne McLean;

The said HERBERT MEREDITH MARLER herein acting by his Co-Trustee the said HERBERT BAYNE McLEAN under a
20 Power of Attorney executed before H. P. Honey Notary on the twenty-seventh day of July nineteen hundred and twenty-three;

Hereinafter called "the Trustees"

OF THE FIRST PART:

AND

THE RIGHT HONOURABLE WILLIAM JAMES BARON
SHAUGHNESSY of the City of Montreal Advocate and King's
30 Counsel;

Hereinafter called "Lord Shaughnessy"

OF THE SECOND PART:

WHO DECLARED UNTO THE UNDERSIGNED NOTARY
AS FOLLOWS:

That under the terms of the said Agreement of date the Seven-
teenth day of September Nineteen hundred and twenty-four there
40 were transferred and delivered to the Trustees the following securities
namely:

One hundred and ninety-six thousand five hundred dollars
(\$196,000) Face Value of the Six Per cent. Twenty Year Notes of Sir
Mortimer Davis Incorporated and Two thousand three hundred and
seventy-five (2,375) shares of the Capital Stock of Sir Mortimer
Davis Incorporated which Notes and shares were to be held by the
Trustees subject to the conditions provided in the said Agreement;

That it was provided in the said Agreement that should Lord Shaughnessy remain in the uninterrupted employment of the Company during a period of five years computed from the date of the said Agreement as evidenced by a certificate in writing of the President or Vice-President of the Company and at the expiration of the said period be still in the employ of the Company then Lord Shaughnessy should be entitled to receive from the Trustees the said Notes and shares of Sir Mortimer Davis Incorporated above mentioned;

- 10 That the said Lord Shaughnessy has been in the uninterrupted employment of the said Sir Mortimer Davis Incorporated for the said period of five years which expired on the Seventeenth day of September Nineteen hundred and twenty-nine and is still in the employment of that Company as evidenced by the certificate of the President of the said Company hereto annexed for reference.

Now therefore the Trustees have transferred and delivered to the said Lord Shaughnessy the said Notes and shares of Sir Mortimer Davis Incorporated and Lord Shaughnessy acknowledges the receipt
20 thereof.

- FURTHERMORE Lord Shaughnessy declares that on the Thirtieth day of September Nineteen hundred and twenty-four after increasing the stock of Sir Mortimer Davis Incorporated the shares represented by such increase were repurchased by the Company in reduction of capital and as a result of this transaction there should have been paid to the said Herbert Meredith Marler and Herbert Bayne McLean as Trustees on his behalf the sum of One hundred and sixty-two thousand five hundred dollars (\$162,500) which sum together
30 with the interest thereon would have been delivered to him under the same terms and conditions as the Notes and shares referred to in the said Agreement of date the Seventeenth day of September Nineteen hundred and twenty-four. The said Lord Shaughnessy acknowledges that this sum was however not paid to the Trustees but was credited to them on his behalf in the books of the Company and an adjustment will be made between the Company and him in connection with this transaction.

Exhibits.

D-75.
Notarial
Discharge
to H. M.
Marler
and H. B.
McLean,
Trustees,
by Lord
Shaugh-
nessy,
7th October
1929—con-
tinued.

- 40 Also on the Fourth day of December Nineteen hundred and twenty-eight the shareholders of the said Sir Mortimer Davis Incorporated purchased the interest therein of the said Herbert Meredith Marler and under this transaction there were allotted to the Trustees on behalf of Lord Shaughnessy the number of shares which he was entitled to purchase namely Twenty-five (25) shares with the payment for which he was debited in the books of the Company. Lord Shaughnessy also acknowledges the receipt from the Trustees of the certificate representing these additional twenty-five shares.

Exhibits.

D-75.
Notarial
Discharge
to H. M.
Marler
and H. B.
McLean,
Trustees,
by Lord
Shaugh-
nessy,
7th October
1929—con-
tinued.

And in consideration of the foregoing Lord Shaughnessy hereby releases and discharges the Trustees from all responsibility under the said Agreement and acknowledges that he has no further claims whatever to make against them in their said quality.
WHEREOF ACTE:

DONE AND PASSED at the City of Montreal this seventh day of October Nineteen hundred and twenty-nine and of record in the office of the undersigned Notary under the Number Three thousand
10 two hundred and seventy-nine.

And after due reading hereof the Parties signed in the presence of the said Notary.

(Signed) SHAUGHNESSY,
“ HERBERT M. MARLER,
“ per H. B. McLEAN, Attorney,
“ H. B. McLEAN,
20 “ H. P. HONEY, N.P.

A true Copy of the original hereof remaining of record in my office.

H. P. HONEY, N.P.

DEFENDANTS' EXHIBIT D-74

30

MONTREAL, Nov. 29/29.

D-74.
Letter
to A. M.
Reaper from
Lord
Shaugh-
nessy,
29th Nov-
ember 1929.

A. M. Reaper, Esq.,
Vice President,
Sir Mortimer Davis, Inc.,
Montreal, Que.

Dear Mr. Reaper

In accordance with advice now received from the Company's
40 lawyers, I take this means to put on record the understanding that I had with you some months ago that in view of the fact that since Sir Mortimer's death, the Company's directors have continued the policy which prevailed during his lifetime of not paying any dividends on the capital stock of Sir Mortimer Davis, Incorporated, that when dividends are declared on such stock, an adjustment will be made between me and his Estate, by which his Estate will receive such proportion of the dividends upon the shares that I have acquired

D-74.
Letter
to A. M.
Reaper from
Lord
Shaugh-
nessy,
29th Nov-
ember 1929
—continued.

under my agreement with him as would represent the dividend on those shares that would fairly and equitably have been payable out of surplus if dividends had been declared by the Company between the date of his death and September 17, 1929, when the shares in question became my property, under my agreement with him.

Please file this letter so it will remain on record in your Com-
pany's hands

Yours very truly,

10

SHAUGHNESSY.

DEFENDANTS' EXHIBIT D-12

D-12.
Agreement
between Sir
Mortimer
B. Davis
and J. B.
Waddell,
4th Dec-
ember 1919.

THIS AGREEMENT executed at the City of Montreal, this
Fourth day of December, in the year One thousand nine hundred and
nineteen.

20

BETWEEN

SIR MORTIMER B. DAVIS, of the City of Montreal, and of
Ste. Agathe des Monts, in the Province of Quebec, Knight,

OF THE FIRST PART

JOHN BELL WADDELL, of the City of Montreal, Manager,

OF THE SECOND PART

30 AND

HERBERT M. MARLER, Notary, and HERBERT B. MAC-
LEAN, Manager, both of the City of Montreal,

Hereinafter called "the Trustees,"

OF THE THIRD PART

40 WHEREAS the First Party is the owner of the Controlling
Interest in the Twenty Year Six Per Cent Notes and in the shares of
the Capital Stock of Sir Mortimer Davis, Incorporated, a Company
having its chief place of business at the City of Montreal, hereinafter
referred to as the "Company," and in consequence is greatly inter-
ested in the future development and success of the said Company;

AND WHEREAS the Second Party is in the employ of the said
Company and can in the opinion of the First Party contribute to the
development and to the successful conduct of its business;

AND WHEREAS the First Party desires to interest the Second Party in the said Company and with that object in view has determined to set aside by transferring and delivering to the Trustees in trust the amount in Face Value of the Notes of the Company and of the shares of its Capital Stock, hereinafter set forth, which Notes and Shares will subject to the due fulfilment of the conditions hereinafter provided be delivered in full ownership to the Second Party or in the event of non-fulfilment of such conditions be returned to the First Party.

10

NOW THEREFORE THIS AGREEMENT WITNESSETH AND THE PARTIES HERETO HAVE AGREED EACH WITH THE OTHER AS FOLLOWS:

1. The First Party has concurrently with the execution of this Agreement transferred and delivered to the Trustee Two hundred and fifty thousand dollars Face Value of the Six-Per-Cent-Twenty-Year Notes of Sir Mortimer Davis, Incorporated, and Two thousand five hundred shares of the Capital Stock of Sir Mortimer Davis Incorporated, which Notes and Shares shall be held by the said Trustees subject to the conditions herein provided for.

20

2. The Second Party agrees to continue in the employ of the Company for the full period of Five years from the First day of April, Nineteen hundred and nineteen, in his present capacity or in such other capacity as the Directors of the Company may hereafter and from time to time determine, but the Second Party undertakes during such period to devote such of his time, attention and energies to the advancement of the affairs of the Company in whatever capacity in which he may be employed to the extent and in the manner which the Directors of the Company may from time to time determine. The salary to which the Second Party shall be entitled during such period shall be that determined from time to time between him and the Directors of the Company.

30

3. The Directors of the Company shall be entitled at any time to cancel and terminate the engagement of the Second Party if for any reason in the judgment of such Directors his services are no longer required.

4. Should the services of the Second Party prove satisfactory to the Directors of the Company and should he continue in the uninterrupted employment of the Company during the full period set out in Paragraph two, as evidenced by a Certificate in writing of the President or Vice-President of the Company, then the Second Party shall be entitled to receive from the Trustees and the Trustees shall on presentation of such Certificate transfer and deliver to him the Notes and Shares referred to in Paragraph One hereof as his absolute property.

40

5. Should the Second Party for any reason other than death (and the exceptions mentioned in this Paragraph) during the lifetime of the First Party not continue in the uninterrupted employ of the Company during the said period of Five years then the First Party shall be entitled to receive from the Trustees and they shall transfer and deliver to the First Party the said Notes and Shares except:

(a) The Second Party has left the employ of the Company with the consent of the First Party, or

10 (b) The Second Party has been discharged from the services of the Company without the consent of the First Party. Should either of the exceptions "a" and "b" occur then the Second Party will be deemed to have earned the number of Notes and Shares, disregarding fractions, proportionate to the period of time which shall have elapsed of his employment and the balance shall be delivered to the First Party.

20 Should the Second Party after the death of the First Party not continue in the uninterrupted employment of the Company during the said period of Five years or should he be discharged therefrom then he, the Second Party, shall be deemed to have earned the number of Notes and Shares, disregarding fractions, proportionate to the period of time which shall have elapsed of his employment and the balance shall be delivered to the legal representatives of the First Party.

30 6. Should the Second Party before the expiration of such period mentioned in Paragraph Two hereof, and while still in the employ of the Company, die, then the Second Party shall be deemed to have earned the number of Notes and Shares proportionate to the period of time which shall then have elapsed, in which event such proportionate number of Notes and Shares, disregarding any fractions thereof, shall be transferred and delivered to the representatives of the Second Party and the remainder to the First Party.

7. Interest paid upon the Notes and Dividends if any declared on the shares held by the Trustees shall so long as they are so held be paid to the Second Party.

40 8. The Trustees shall vote upon the shares held by them in the manner aforesaid as directed by the said Sir Mortimer B. Davis or those as representing him, and shall for such purpose appoint him or them its irrevocable Attorney or Attorneys to attend, act and vote on its behalf at all Shareholders' Meetings or Meetings of the holders of the said Notes.

9. The consideration for the present Agreement is in the nature of a gift and in view of the services to be rendered to the Company by the Second Party, the Second Party agrees and undertakes for himself and his representatives that should he or they at any time

after becoming owner of the said Notes and Shares or any number of them desire to sell the same or any part thereof he or they will offer them in the first instance to the First Party at the market value thereof and failing such market value at the book value thereof as shown by the last preceding annual statement of the said Company and afford the First Party a period of one month immediately following such offer within which to purchase such shares at the price established as aforesaid, and the First Party shall have the right within such period to purchase the shares at said price.

Exhibits.

D-12.
Agreement
between Sir
Mortimer B.
Davis and
J. B. Wad-
dell,
4th Dec-
ember 1919
—continued.

10 10. There shall always be two Trustees of the Trust herein. In the event therefore of the death or resignation of either of the said Trustees herein named another or others shall be appointed to make the number up to two by the First Party should he be alive. Should he be dead by his Executors.

11. The Trustees without assuming any personal responsibility agree to hold, use and dispose of said charges in accordance with the terms of this Agreement.

20 IN WITNESS WHEREOF the Parties hereto have signed these presents on the day, month and year firstly above written.

(Signed) M. B. Davis
“ J. B. Waddell
“ H. M. Marler
“ H. B. Maclean.

30

40

**Exhibit Group No. 14: Re Purchase of Shares from
Hon. H. M. Marler**

PLAINTIFFS' EXHIBITS P-85 and P-93

November 1st, 1928.

Exhibits.
—
P-85 and
P-93.
Letter
to H. M.
Marler from
Lord
Shaugh-
nessy,
1st Nov-
ember 1928.

10 The Hon. H. M. Marler,
W. de M. and H. M. Marler,
360 St. James St. W.,
Montreal, Que.

Dear Mr. Marler,

A propos of our conversation yesterday relating to shares of Sir Mortimer Davis, Incorporated, held by you, I have looked up the By-Laws of the Company in this connection and find that it is provided as follows:

20 "No transfer of shares except to the consort or direct descendant of a shareholder consequent on a gift or transmission by death shall be permitted, unless the shareholder desiring to effect the sale or transfer of any shares of stock of the Company held by him shall, by notice in writing addressed to the Board of Directors of the Company have offered such shares for sale at any time within thirty days from the date of delivery of such notice at a price which shall be the value of such shares as established by Resolution of the shareholders adopted at the Annual Meeting of the Company last preceding and at any time during the said period the shareholders of the Company, in proportion to their respective holdings at the time, shall have the privilege of purchasing the said shares by payment or offer of the price of same established in the manner above set forth. On receipt of such notice, the Directors shall immediately notify all shareholders in writing intimating the number of shares which each shareholder respectively is entitled to purchase."

30
40 In accordance with the above, while no price has been fixed by the shareholders, it was necessary in valuing the assets of the Davis Estate to fix a value of these shares and the Officers of the Company, in conjunction with the Company's auditors, after exhaustive analysis of the financial statement of the Company for the preceding year fixed a value of \$170. per share. Under the above By-Law it would not be possible to purchase stock except at this price, and by the shareholders in proportion to their respective holdings. This would mean that the Davis Estate would purchase 90%, Mr. J. B. Waddell 5%, and the Davis Estate for the purpose of the Trust

created in my favor another 5%, which comprises all the shareholders of the Company, and if Mr. Waddell did not wish to purchase his proportion, I think it is clear under the By-Law that the Davis Estate could also purchase this amount.

Exhibits.
—
P-85 and
P-93.
Letter
to H. M.
Marler from
Lord
Shaugh-
nessy,
1st Nov-
ember 1928
—continued.

10 Subject to your ideas, it appears to me that it is necessary, first, to adopt a resolution at the Annual Meeting, which I might say will take place very shortly, fix the value of the shares in accordance with the report made by the auditors, after which we should receive notice from you of your willingness to sell the shares at this price. when I think the matter could be arranged. I doubt, however, whether the Estate, under any circumstances, could give any higher price than that fixed by the shareholders.

Yours very sincerely,

SHAUGHNESSY.

20

PLAINTIFFS' EXHIBIT P-84 (a)

HERBERT MARLER

Montreal, Nov. 6th, 1928

P-84 (a).
Letter
to Lord
Shaugh-
nessy from
H. M. Mar-
ler,
6th Nov-
ember 1928.

Personal

30 Rt. Hon. Lord Shaughnessy, K.C.,
Vice President, Sir Mortimer Davis, Inc.,
Montreal, Que.

My dear Willie,

I now enclose herewith:

- 40 (a) Formal letter offering the 500 shares I hold in Sir Mortimer Davis Incorporated for sale at the price to be set thereon by the shareholders at the Annual Meeting.
- (b) Power of Attorney in your favor to vote these shares. I think it is as well for you to have insofar as I am concerned full control of the situation.
- (c) Formal letter undertaking to resign as Trustee of the three Trusts on your demand and to execute all necessary instruments for that purpose.

From the above you will therefore see that the matter is entirely in your hands.

I am extremely obliged to you for your kindness in handling this transaction for me. As discussed between us, the amount to be paid me will be \$100,000.00. I would be very greatly obliged to you if the transaction could be completed at your earliest convenience. I am writing you a personal note in addition to this more or less formal communication.

Yours sincerely,

Herbert M. Marler.

P.S. I will be glad to send you the certificates for these shares whenever you ask me to do so.

H. M. M.

Exhibits.

P-84 (a).
Letter
to Lord
Shaugh-
nessy from
H. M. Mar-
ler,
6th Nov-
ember 1928
—continued.

10

PLAINTIFFS' EXHIBIT P-84 (b)

Montreal, November 6th, 1928

P-84 (b).
Letter
to Lord
Shaugh-
nessy from
H. M. Mar-
ler, offering
for sale
500 shares
of the In-
corporated
Company's
stock,
6th Nov-
ember 1928.

20 Rt. Hon. Lord Shaughnessy, K.C.,
Vice President, Sir Mortimer Davis, Inc.,
Montreal, Que.

Dear Lord Shaughnessy,

In reference to your letter of the 1st of November instant, as you are aware I am the owner of 500 shares of Sir Mortimer Davis, Incorporated

30 I hereby offer these shares for sale at the value thereof to be established by Resolution of the Shareholders to be adopted at the Annual Meeting of the Company.

Yours very truly,

Herbert M. Marler.

PLAINTIFFS' EXHIBIT P-84 (c)

Montreal, November 6th, 1928

P-84 (c).
Letter
to Lord
Shaugh-
nessy from
H. M. Mar-
ler, under-
taking to
resign as
Trustee
under Trust
Donations,
upon de-
mand,
6th Nov-
ember 1928.

40 Rt. Hon. Lord Shaughnessy, K.C.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

Dear Lord Shaughnessy,

I am one of the Trustees appointed under the Deeds of Trust hereinafter referred to namely:

Exhibits.

— 420 —

P-84 (c).
Letter
to Lord
Shaugh-
nessy from
H. M. Mar-
ler, under-
taking to
resign as
Trustee
under Trust
Donations,
upon de-
mand,
6th Nov-
ember 1928
—continued.

1. Donation made by the late Sir Mortimer B. Davis to H. M. Marler and J. B. Waddell in Trust before H. E. Herschorn, Notary, October 26th, 1921.
2. Donation made by the late Sir Mortimer B. Davis to M. B. Davis and others as Trustees before E. Cholette, Notary, October 21st, 1922.
3. Donation made by the late Sir Mortimer B. Davis to M. B. Davis and others as Trustees before H. E. Herschorn, Notary, August 1st, 1923.

10

On your demand I hereby undertake to resign as Trustee under each and every of the said Donations and to execute the necessary instruments for that purpose.

Yours very truly,

Herbert M. Marler.

PLAINTIFFS' EXHIBIT P-33

20

No. 174

Montreal, December 4th, 1928.

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Hon. H. M. Marler, or Order, Eighty-five thousand
Dollars.

\$85,000.00

Estate Sir Mortimer B. Davis,
Shaughnessy Executors
A. M. Reaper

30

Endorsed—Hon. Herbert M. Marler.

PLAINTIFFS' EXHIBIT P-34

No. 2381

Montreal December 4th, 1928.

THE CANADIAN BANK OF COMMERCE

Pay Hon. H. M. Marler or Order, Fifteen thousand Dollars.

\$15,000.00

Sir Mortimer Davis, Incorporated
Shaughnessy, President.
A. M. Reaper, Secretary-Treasurer.

40

Endorsed—Hon. H. M. Marler.

P-33.
Cheque of
Estate to
order of
Hon. H. M.
Marler,
4th Dec-
ember 1928.

P-34.
Cheque of
Incor-
porated
Company to
order of
Hon. H. M.
Marler,
\$15,000,
4th Dec-
ember 1928.

Exhibits.
P-81.
Share Register of the Incorporated Company showing account of "H. M. Marler," 1919-1929.

PLAINTIFFS' EXHIBIT P-81

NAME—H. M. MARLER

Date	Cert. No.	Transfer No.	To or From Whom	Folio	Shares	SOLD		BOUGHT		ADDRESS—MONTREAL		BALANCES	
						Cr. Am't of Stock	Dr. Paid up	Shares	Dr. Am't of Stock	Cr. Paid up	Dr. Am't of Stock	Cr. Paid up	
1919 Oct. 1920	8	3	From W. B. Scott.....	3				1	\$ 100.00	\$ 100.00			
Feb. 1924	011		" Sir M. B. Davis.....	6				500	50,000.00	50,000.00			
Oct. 1			Allotment.....					325	32,500.00	32,500.00			
" 1			By purchase in virtue of By-Law B.....			325	32,500.00			32,500.00			
1929 Mar. 30	011		To John Bell Waddell.....	7	25		2,500.00			2,500.00			
" 30	"		H. M. Marler and H. B. McLean.....	11	25		2,500.00			2,500.00			
" "	"		Estate Sir M. B. Davis.....	16	450		45,000.00			45,000.00			100.00

Exhibit Group No. 15: Suits against Lord Shaughnessy on
Behalf of the Estate

PLAINTIFFS' EXHIBIT P-218

Form 0223—1500-3-22

Exhibits.
—
P-218.
Writ of
Summons
and De-
claration
re Case
No. F-65140,
Superior
Court,
Montreal
(Suit on
behalf of
the Estate
to recover
\$196,500
Serial Notes
and 2,375
Shares of
The Incor-
porated
Company
and
\$217,461.
65),
30th Janu-
ary 1930.

Province of Quebec,
District of Montreal,
Superior Court,
10 No. F-65140.

LADY DAVIS (DAME ELEANOR CURRAN), of Cannes, in the
Republic of France, widow of the late Sir Mortimer Barnet
Davis, Knight, and MORTIMER BARNET DAVIS, JUNIOR,
Gentleman, of the City and State of New York, in the United
States of America,

Plaintiffs.

—vs.—

20 THE RIGHT HONOURABLE LORD SHAUGHNESSY (WIL-
LIAM JAMES SHAUGHNESSY), of the City and District of
Montreal; SIR MORTIMER DAVIS INCORPORATED, a
Corporation having its Head Office in Montreal aforesaid;
HONOURABLE HERBERT M. MARLER and HERBERT
B. McLEAN, both of Montreal aforesaid, as well personally as
insofar as may be necessary or useful, in their qualities of Joint
Trustees named and appointed in and by a certain Deed *sous*
seing privee, made and bearing date at Montreal aforesaid
September 17th, 1924, purporting to contain a Gift from said
late Sir Mortimer Barnet Davis to said Right Honourable Lord
Shaughnessy (William James Shaughnessy),
30

Defendants,

—AND—

SAID RIGHT HONOURABLE LORD SHAUGHNESSY (WIL-
LIAM JAMES SHAUGHNESSY), ALEXANDER M. REAP-
ER of Montreal aforesaid, and SAID LADY DAVIS (DAME
ELEANOR CURRAN), all in their qualities of Joint Executors
and Trustees of the Last Will and Testament of said late Sir
Mortimer Barnet Davis, duly probated by said Superior Court
for the District of Montreal on April 18th, 1928,

40

Mis-en-cause,

—AND—

SAID SIR MORTIMER DAVIS INCORPORATED,

Garnishee.

GEORGE THE FIFTH, by the Grace of God, of the United King-
dom of Great Britain and Ireland, and of the British Dominions
beyond the Seas, King, Defender of the Faith, Emperor of
India.

To any of the bailiffs of our said Superior Court, appointed for the District of

Greeting.

10 We command you, at the instance of the plaintiffs to seize by way of *Saisie Conservatoire simple* and pursuant to ARTICLE 542 of the Code of Procedure 2,375 Shares of the Capital Stock of the Defendant Corporation, first transferred from the name of Sir Mortimer Barnet Davis to the Defendants Marler and McLean, and later by the latter two, transferred into the name of Defendant Shaughnessy, and by way of *Saisie Conservatoire en mains tierce* in the hands of the tiers-saisi said 196½ Notes of the 6% Twenty-Year Serial Notes of the Corporation Garnishee, of the face value of \$1,000 each, and aggregating \$196,500, which Notes were first transferred from the name of Sir Mortimer Barnet Davis to Defendants Marler and McLean, and later by the latter two, transferred into the name of Defendant Shaughnessy; as also the sum of \$217,461.65, representing the purchase of 1,625 further Shares by the Defendant Company from Defendants Marler and McLean in or about October, 24, and interest thereon since accrued; and to order as by these presents we order, the tiers-saisi not to dispossess itself thereof without an order of our said Superior Court; and to appear at ten of the clock in the fore-noon at the office of the prothonotary of our said Superior Court of Montreal, on the 27th day of January, 1930, or at any other time before the return day of this writ provided notice thereof be given to plaintiffs at least twenty-four hours previously, to declare upon oath in due form of law and as required by law its indebtedness with respect to said sums of \$196,500 and \$217,461.65, and each and every part thereof.

20 We also command you to summon the defendants and said Misen-cause to appear before our said Superior Court at the Court House at Montreal, on the said 27th day of January, 1930, to show cause why this seizure should not be declared valid and to answer the demand of the plaintiffs as in the declaration in this cause contained. And have there and then or before, this writ and your proceedings thereon.

40 IN WITNESS WHEREOF we have caused the seal of our said Superior Court to be hereunto affixed at Montreal, this Eighteenth day of January, one thousand nine hundred and thirty.

(Signed)

C. E. SAUVE,

Dep. Prothonotary of the said Superior Court.

(TRUE COPY)

W. K. McKEOWN,
Attorney for Plaintiffs.

Exhibits.

P-218.

Writ of Summons and Declaration re Case No. F-65140, Superior Court, Montreal (Suit on behalf of the Estate to recover \$196,500 Serial Notes and 2,375 Shares of the Incorporated Company and \$217,461.65), 30th January 1930—*continued.*

Exhibits.

P-218.
Writ of
Summons
and De-
claration
re Case No.
F-65140,
Superior
Court,
Montreal
(Suit on
behalf of
the Estate
to recover
\$196,500
Serial Notes
and 2,375
Shares of
the Incor-
porated
Company
and
\$217,461.65),
30th Janu-
ary 1930—
continued.

PLAINTIFFS' DECLARATION

Case No. F-65140

Plaintiff declares:

1.—THAT Plaintiffs are the universal residuary Legatees under the Last Will and Testament of the late Sir Mortimer Barnet Davis, who departed this life at Cannes, in the Republic of France, on March 22nd, 1928, made said Will, in the form derived from the Laws of England, at London, England, under date November 30th, 1927, and duly probated by the Superior Court for the District of Montreal on April 18th, 1928, and said Plaintiffs are interested in having declared null and void the so-called Gift hereinafter referred to; copy of said Will, and of the Probate thereof, being herewith produced and filed to form part hereof as Plaintiffs' Exhibit No. 1;

2.—THAT at Montreal aforesaid, under date September 17th, 1924, by Agreement *sous seing privée*, Defendant Shaughnessy was engaged by Defendant Company at a stipulated salary of \$20,000 per annum; copy of said Agreement being herewith produced and filed to form part hereof as Plaintiffs' Exhibit No. 2;

3.—THAT said late Sir Mortimer Barnet Davis intervened in the said Agreement, and purported to thereby give and donate to Defendant Shaughnessy, 196½ \$1,000 6% Twenty Year Notes of the Company Defendant of an aggregate face value of \$196,500, and 2,375 Shares of its Capital Stock, said 196½ Notes and 2,375 Shares being in the meantime transferred into the names of Defendants Marler and McLean as Trustees;

4.—THAT by the terms of said Agreement, all interest on said 196½ Notes, and dividends, if any, declared upon said 2,375 Shares, while held by Defendants Marler and McLean as such Trustees, were stipulated payable to said late Sir Mortimer Barnet Davis;

5.—THAT at the time of the making of said Agreement on September 17th, 1924, the real value of said 196½ Notes and 2,375 Shares referred to in the preceding paragraph aggregated in excess of \$600,000;

6.—THAT a few days after the execution of said Agreement, 1,625 treasury Shares were allotted to said Defendants Marler and McLean upon said 2,375 Shares, being equivalent to a Stock Dividend at the rate of 65% on the paid-up capital for the time being of said Company Defendant;

7.—THAT concurrently with said Share allotment, and Stock Dividend, said 1,625 Shares were purchased and retired by Defendant

Company, at par, and in respect to the same a credit of \$162,500 was entered in the books of the Company Defendant in favour of Defendants Marler and McLean, upon which sum, interest at the rate of 6% per annum, compounded annually, was afterwards added, said credit amounting, on September 18th, 1929, to approximately \$217,461.65;

8.—THAT the transaction in question insofar as concerned said 196½ Notes and 2,375 Shares was in the nature of a Gift of said 196½ Notes and 2,375 Shares by said late Sir Mortimer Barnet Davis to Defendant Shaughnessy and was so declared by the express terms of said Agreement;

9.—THAT said 196½ Notes and 2,375 Shares were transferable only upon the books of Company Defendant;

10.—THAT, in particular, neither said 196½ Notes or 2,375 Shares were listed and dealt with on any recognized Stock Exchange by means of scrip commonly in use, endorsed in blank, and transferable by delivery;

20 11.—THAT neither said 196½ Notes or 2,375 Shares constituted “moveable property” *choses mobilières*, or “moveable effects” *d’effets mobiliers*, within the meaning of Articles 776 and 808 respectively of the Civil Code, and were incapable of being transferred by donation otherwise than by a Notarial Deed *en minute* duly registered;

12.—THAT said so-called Gift of said 196½ Notes and 2,375 Shares was wholly null and void *ab initio* as well for the reason that the same was revocable at the mere will of the Donor, said late Sir Mortimer Barnet Davis, as for the further reason that said Gift was not made or accepted in Notarial form and *en minute* and was never registered in the manner required by law;

13.—THAT by reason of the premises, said 196½ Notes and 2,375 Shares, as also said Stock Dividend of 1,625 Shares, and the credit resulting from the purchase of the same by the Company Defendant, and all interest thereon always remained the property of the late Sir Mortimer Barnet Davis up to the time of his death, when the same were captured by his said Last Will, and now form part of the residue of his Estate;

14.—THAT on or about September 18th, 1929, Defendant Shaughnessy illegally and without right obtained from Defendants Marler and McLean said 196½ Notes and Share Certificates for said 2,375 Shares, and thereafter, likewise illegally and without right, caused said 196½ Notes and 2,375 Shares to be transferred into his own name on the books of said Company Garnishee, and assumed to

Exhibits.
P-218.
Writ of
Summons
and De-
claration
re Case No.
F-65140,
Superior
Court,
Montreal
(Suit on
behalf of
the Estate
to recover
\$196,500
Serial Notes
and 2,375
Shares of
the Incor-
porated
Company
and
\$217,461.65),
30th Janu-
ary 1930—
continued.

P-218.
Writ of
Summons
and De-
claration
re Case No.
F-65140,
Superior
Court,
Montreal
(Suit on
behalf of
the Estate
to recover
\$196,500
Serial Notes
and 2,375
Shares of
the Incor-
porated
Company
and
\$217,461.65),
30th Janu-
ary 1930—
continued.

appropriate said credit and all interest thereon, amounting as afore-
said to approximately the sum of \$217,461.65; the whole with the
knowledge and participation of the Mis-en-cause Reaper;

15.—THAT Plaintiffs are justly entitled to bring suit against
Defendants for the purpose of having said so-called Gift, as also all
pretended transfers, registrations and entries whatsoever made in the
registers and books of said Company Defendant, respecting said 196½
Notes and 2,375 Shares, on or since September 17th, 1924, as in any
10 way based upon said so-called Gift, declared to have been and to be
null and void *ab initio*, and to have said 196½ Notes and 2,375 Shares,
as also said Stock Dividend of 1,625 Shares, and the credit respecting
the purchase by the Company of the Shares lastly referred to, and all
interest thereon, declared to have been the property of said late Sir
Mortimer Barnet Davis up to the time of his death, and to be now
vested in the Mis-en-cause and their successors in office as the Execu-
tors and Trustees of his Last Will and Testament, and to have the
Company Defendant ordered to register the said 196½ Notes and
2,375 Shares in the name of the said late Sir Mortimer Barnet Davis,
20 or of the Mis-en-cause and their successors in office as the Executors
and Trustees of his said Will, as also to have said Defendant Com-
pany condemned to pay to said Mis-en-cause and their successors in
office, said sum of \$217,461.65;

16.—THAT Plaintiffs are further entitled by law and by the
jurisprudence to join to the present action a Conservatory Attach-
ment, *Saisie Conservatoire simple et en mains tierce*, to have the said
196½ Notes, said 2,375 Shares and said credit by said Incorporated
Company representing the purchase by the latter of said 1,625
30 Shares, together with all interest thereon and amounting approxi-
mately to \$217,461.65, placed under judicial custody to assure the
exercise over the same of Plaintiffs' rights and of those of the Mis-en-
cause;

17.—THAT apart from Conservatory Attachments as afore-
said, there is no other remedy equally convenient, beneficial and
effectual for the conservation of the rights of Plaintiffs and of the
Mis-en-cause as aforesaid;

40 18.—THAT Plaintiffs expressly reserve all such other and further
recourse as they may have in the premises against Defendants or any
of them;

WHEREFORE, Plaintiffs pray that by the judgment to be
herein rendered it may be said, ordered and declared as follows, that
is to say:

(a) That said so-called Gift from said late Sir Mortimer Davis to Defendant Shaughnessy of said 1961½ \$1,000 6% Twenty Year Serial Notes of Defendant Company of an aggregate face value \$196,500, and 2,375 Shares of the Capital Stock of Defendant Company, purporting to have been made by said Agreement *sous seing privée*, bearing date September 17th, 1924, and to which Defendants and said late Sir Mortimer Barnet Davis purport to have been parties, was and is null and void *ab initio*, and of no effect, and insofar as the same may be necessary or useful, that said pretended Gift be annulled,
10 quashed and set aside for all purposes of law;

(b) that all of the said 1961½ Notes and 2,375 Shares, as also said Stock Dividend of 1,625 Shares, and the credit respecting the purchase by Defendant Company of the Shares lastly referred to, and all interest thereon, be declared to have been the property of said late Sir Mortimer Barnet Davis up to the time of his death, and to be now vested in the Mis-en-cause and their successors in office, as the Executors and Trustees of his Last Will and Testament;

20 (c) that all pretended transfers, registrations and entries whatsoever, made in the registers and/or books of Defendant Company in any manner respecting either said 1961½ Notes or said 2,375 Shares, on or since September 17th, 1924, based upon said pretended Gift, be likewise declared to have been and to be null, void *ab initio*, and of no effect, and insofar as the same may be necessary or useful, that all such transfers, registrations and entries be annulled, quashed and set aside for all purposes of law, and Defendant Company ordered to obliterate all of the same in and upon their registers and/or books.

30 (d) that Defendant Company be ordered to forthwith register the said 1961½ Notes and 2,375 Shares in the name of said late Sir Mortimer Barnet Davis or of the Mis-en-cause or their successors in office, as the Executors and Trustees of his said Last Will; (dd) that Defendant Company be condemned to pay to Mis-en-cause, or their successors in office said sum of \$217,461.65, with interest from the date of service hereof;

40 (e) that the Writ of *Saisie Conservatoire simple et en mains tierce* herein issued, and the seizures by way of Conservatory Attachments made thereunder of said 1961½ Notes registered in the name of Defendant Shaughnessy and of said 2,375 Shares of the Capital Stock of the Defendant Corporation, first transferred from the name of Sir Mortimer Barnet Davis to Defendants Marler and McLean, and later transferred into the name of Defendant Shaughnessy, and the sum of \$217,461.65, representing the purchase by Defendant Company of 1,625 further Shares from Defendants Marler and McLean in or about October, 1924, and all interest thereon since accrued, be

Exhibits.

P-218.

Writ of Summons and Declaration re Case No. F-65140, Superior Court, Montreal (Suit on behalf of the Estate to recover \$196,500 Serial Notes and 2,375 Shares of the Incorporated Company and \$217,461.65), 30th January 1930—
continued.

Exhibits.

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P-218.
Writ of
Summons
and De-
claration
re Case No.
F-65140,
Superior
Court,
Montreal
(Suit on
behalf of
the Estate
to recover
\$196,500
Serial Notes
and 2,375
Shares of
the Incor-
porated
Company
and
\$217,461.65),
30th Janu-
ary 1930—
continued.

declared good, valid and binding, and be maintained for each and every the purposes of law;

(f) that in the event of said Garnishee failing to produce and fyle its declaration as such in the manner and form required by law, that Plaintiffs' rights in the premises be expressly reserved.

The whole with costs, of the present action against Defendant Shaughnessy in any event and with costs of the action against any
10 other party who may appear and contest the same.

Plaintiffs expressly reserving their rights to take and adopt such other and further conclusions as to law and justice may pertain.

Montreal, January 18th, 1930.

(Signed) W. K. McKEOWN,
Attorney for Plaintiffs.

20 (TRUE COPY)

W. K. McKEOWN,
Attorney for Plaintiffs.

30

40

PLAINTIFFS' EXHIBIT P-219

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
No. F-65140

SUPERIOR COURT

Exhibits.

P-219.
Defence
of Lord
Shaugh-
nessy to
Suit No.
F-65140,
18th Febru-
ary 1930.

10

LADY DAVIS, ET AL.,

Plaintiffs,

—vs.—

THE RIGHT HONOURABLE LORD SHAUGHNESSY, ET AL.,
Defendants,

—AND—

THE RIGHT HONOURABLE LORD SHAUGHNESSY, ET AL.,
Mis-en-Cause,

20

—AND—

SIR MORTIMER DAVIS INCORPORATED,
Garnishee.

PLEA OF DEFENDANT LORD SHAUGHNESSY

30 The defendant Lord Shaughnessy for plea to the plaintiffs' action saith:—

1. That as to paragraphs 1, 2, 3, 4, 5, 6 and 7 of the plaintiffs' declaration the documents therein referred to (Plaintiffs' Exhibits Nos. 1 and 2) must be interpreted according to their terms and the defendant pleading prays acte of the allegation that the shares and notes were transferred or allotted to defendants Marler and McLean and that the amount of \$162,500.00 and interest thereon was credited to them, and the defendant pleading denies all the other allegations of the said paragraphs except in so far as they are in accordance with the said exhibits and with this his plea.

40

2. That he denies paragraphs 8, 11, 12, 13, 14, 15, 16, 17 and 18 of the said declaration.

3. That as to paragraphs 9 and 10 of the said declaration the by-laws of the company defendant and records of the Stock Exchange speak for themselves, otherwise the said paragraphs are denied.

And the defendant pleading further alleges:—

4. That the contract (Plaintiffs' Exhibit No. 2) was not a gift within the meaning of the provisions of the Civil Code of the Province of Quebec relied upon by the plaintiffs in this action.

5. That in any event the transfer of the consideration stipulated in the said contract was executed in notarial form and was duly registered as appears by the authentic copy of the deed of agreement
10 between the defendants Marler and McLean and defendant Shaughnessy of 7th October, 1929, executed before Howard P. Honey, Notary Public (under No. 2379) on 7th October, 1929, and registered on the 7th January, 1930, at the Registry Office for the registration division of the district of Montreal under number 234317; and the defendant now pleading, alleging the foregoing notarial agreement without in any way admitting, but on the contrary denying, any
20 necessity as to its execution in notarial form or its registration in order to render his said contract and agreement, Plaintiffs' Exhibit No. 2, valid and binding in all respects.

6. That in respect of the sum of \$217,461.65 referred to in paragraphs 7 and following of plaintiffs' declaration, defendant now pleading alleges that the said sum was credited to the said trustees of defendant Shaughnessy (Messrs. Marler and McLean) on the books of Sir Mortimer Davis, Incorporated, during the lifetime of Sir Mortimer B. Davis and was received by defendant Shaughnessy in strict accord with his rights under his said agreement, Plaintiffs' Exhibit
30 No. 2, and the said credit to said trustees was further confirmed by the late Sir Mortimer B. Davis during his lifetime as evidenced by the entries in all the books and records of the said Sir Mortimer Davis Incorporated in reference thereto.

7. That the defendant now pleading completely fulfilled and carried out all the terms and conditions stipulated in the said contract, Plaintiffs' Exhibit No. 2.

8. That it was for and in consideration of the said terms and conditions so carried out and fulfilled by the defendant now pleading
40 that the notes and shares and money referred to in the plaintiffs' declaration were received by the defendant pleading.

9. That in consideration of the terms and conditions of the said contract, Plaintiffs' Exhibit No. 2, defendant Shaughnessy abandoned his career as an advocate and King's Counsel in successful general practice at the Bar of Montreal and as a member of one of the leading legal firms in the City of Montreal, and undertook a total

Exhibits.

P-219.

Defence
of Lord
Shaugh-
nessy to
Suit No.
F-65140,
18th Febru-
ary 1930—
continued.

change of career and occupation and had it not been for the consideration stipulated in the said contract, Plaintiffs' Exhibit No. 2, defendant Shaughnessy would not have undertaken such a change of career and occupation as the late Sir Mortimer B. Davis well knew and understood.

10 10. That the contract between the defendant Shaughnessy and the late Sir Mortimer B. Davis et al., Plaintiffs' Exhibit No. 2, was substantially similar in form and substance to an agreement previously entered into between the said late Sir Mortimer B. Davis and Mr. John B. Waddell and Messrs. Marler and McLean, dated 4th December, 1919, under which the said Waddell, in consideration of such agreement, changed his occupation as a banker and entered the employ of the said Sir Mortimer Davis Incorporated, and he in due course received from the said Sir Mortimer B. Davis, through the same trustees, consideration amounting to 3,500 shares of common stock of Sir Mortimer Davis Incorporated, and \$250,000.00 face value of 6% Twenty Year notes of that Company, the whole as appears from copy of said agreement filed herewith to form part hereof as Defendants' Exhibit D-1, and there has been at no time any suggestion by plaintiffs or anyone else as to any pretended illegality or any irregularity in the said Waddell agreement which was fully carried out and fulfilled and the plaintiffs have themselves frequently recognized the validity of the title of the said Waddell to the said shares and notes.

30 11. That moreover the said late Sir Mortimer B. Davis during his lifetime entered into an agreement with the Honourable H. M. Marler under which, as additional compensation for services rendered by the said Marler to the said Sir Mortimer B. Davis and/or the said Sir Mortimer Davis Incorporated, the said Sir Mortimer B. Davis transferred and delivered to the said Marler 500 shares of the said common stock of the said Sir Mortimer Davis Incorporated, and \$50,000.00 face value of said 6% Twenty Year notes, which were in due course transferred and delivered to the said Marler on the books of the said Sir Mortimer Davis Incorporated.

Exhibits.

P-219.
Defence
of Lord
Shaugh-
nessy to
Suit No.
F-65140,
18th Febru-
ary 1930—
continued.

40 AND without waiver of the foregoing the defendant further pleads:—

12. That even if there were any element of gift whatsoever in the said contract of the defendant Shaughnessy, Plaintiffs' Exhibit No. 2, as between the defendant Shaughnessy and the late Sir Mortimer B. Davis and Sir Mortimer Davis Incorporated et al., which is not admitted but is specially denied, the said contract was legal and sufficient and as the said gift would in any event be a mere gift

of moveable property accompanied by actual delivery and public possession and was exempt from the necessity of either notarial form or of registration.

13. That the plaintiffs' action is unfounded in fact and in law and should be dismissed.

Exhibits.

P-219.
Defence
of Lord
Shaughnessy to
Suit No.
F-65140,
18th February 1930—
continued.

WHEREFORE defendant Shaughnessy prays that the plaintiffs' action be dismissed with costs.

10 MONTREAL, 18th February, 1930.

(Sgd.) MEREDITH, HOLDEN, HEWARD & HOLDEN,
Attorneys for Defendant Shaughnessy.

True Copy.

MEREDITH, HOLDEN, HEWARD & HOLDEN,
Attorneys for said Defendant.

20

PLAINTIFFS' EXHIBIT P-220

Form 0203 3000—11-29

Province of Quebec,
District of Montreal,
Superior Court
For the Province of Quebec.

30 No. A 60334.

GEORGE THE FIFTH, by the Grace of God, of Great Britain, Ireland and the British Dominions beyond the Seas, King, Defender of the Faith, Emperor of India.
To any of the Bailiffs of Our said Superior Court, duly appointed for the District of Montreal.

GREETING

WE COMMAND YOU to summon
10 THE RIGHT HONOURABLE LORD SHAUGHNESSY (WILLIAM JAMES SHAUGHNESSY), of the City and District of Montreal,

Defendant,

—AND—

SIR MORTIMER DAVIS INCORPORATED, a Corporation having its Head Office in Montreal aforesaid; HONOURABLE HERBERT M. MARLER and HERBERT B. McLEAN, both

P-220.
Writ of
Summons
and Declaration
re Case No.
A-60334,
Superior
Court,
Montreal
(Suit on
behalf of
The Incorporated
Company to
recover
\$234,032.
61),
7th February 1930.

of Montreal aforesaid, as well personally as insofar as may be necessary or useful, in their qualities of Joint Trustees named and appointed in and by a certain Deed *sous seing privée*, made and bearing date at Montreal aforesaid September 17th, 1294, purporting to contain a Gift from said late Sir Mortimer Barnet Davis to said Right Honourable Lord Shaughnessy (William James Shaughnessy); SAJD RIGHT HONOURABLE LORD SHAUGHNESSY (WILLIAM JAMES SHAUGHNESSY), ALEXANDER M. REAPER of Montreal aforesaid, and SAID 10 LADY DAVIS (DAME ELEANOR CURRAN), all in their qualities of Joint Executors and Trustees of the Last Will and Testament of said late Sir Mortimer Barnet Davis, duly probated by said Superior Court for the District of Montreal on April 16th, 1928,

Mis-en-Cause,

to be and appear before our said Superior Court in the Court House, in the City and district of Montreal, within a delay of six days from the date of service upon them of the present writ when the distance 20 from the place of service to the place where the Court is held does not exceed 50 miles (when the distance exceeds 50 miles the delay is increased one day for each additional 50 miles; provided always that the delay must never exceed 20 days, whatever distance), to answer the demand of

LADY DAVIS (DAME ELEANOR CURRAN), of Cannes, in the Republic of France, widow of the late Sir Mortimer Barnet Davis Knight, and MORTIMER BARNET DAVIS, Junior, Gentleman, of the City and State of New York, in the United States of America,

30 *Plaintiffs.*

contained in the declaration (or requete libellee) hereunto annexed.

IN default by the defendant and Mis-en-cause to appear within the said delay, judgment may be rendered against him (or them) by default.

And have, there and then or before, this writ and your proceedings thereon.

In witness whereof, we have caused the Seal of our said Superior Court to be hereunto affixed at Montreal this Seventh day of February, in the year of Our Lord one thousand nine hundred and thirty. 40

(Signed)

C. L'HEUREUX.

Deputy-Prothonotary of the said Court.

(TRUE COPY)
C. L'HEUREUX,
Dep. P. S. C.

Exhibits.
P-220.
Writ of
Summons
and De-
claration
re Case No.
A-60334,
Superior
Court,
Montreal
(Suit on
behalf of
The Incor-
porated
Company to
recover
\$234,032.61),
7th Febru-
ary 1930—
continued.

PLAINTIFFS' DECLARATION
(Case No. A-60334.)

Exhibits.

P-220.
Writ of
Summons
and De-
claration
re Case No.
A-60334,
Superior
Court,
Montreal
(Suit on
behalf of
The Incor-
porated
Company to
recover
\$234,032.61),
7th Febru-
ary 1930—
continued.

Plaintiffs declare:—

1. THAT the Mis-en-cause, Sir Mortimer Davis, Incorporated, is a Corporation incorporated under Part I of the Quebec Companies' Act;

10 2. THAT 50,000 shares of the Capital Stock of the Incorporated Company, Mis-en-cause, are outstanding from the treasury of the Incorporated Company, Mis-en-cause, and are presently registered on the books of the Company as follows:—

	Estate Sir Mortimer Davis	45,070 shares,
	Female Plaintiff	1 share ,
	Mis-en-cause McLean	1 " ,
	Mis-en-cause Marler	1 " ,
	Mis-en-cause Reaper	1 " ,
20	Defendant Shaughnessy	2,401 shares,
	J. B. Waddell	2,525 " .

3. THAT with the exception of the 2,525 shares registered in the name of said Waddell, the Estate of the late Sir Mortimer B. Davis is the true and lawful owner of all the remaining issued Capital Stock of the Incorporated Company, to wit, of 47,475 shares thereof;

30 4. THAT Plaintiffs are the universal residuary legatees under the Last Will and Testament of the late Sir Mortimer Barnet Davis, who departed this life at Cannes, in the Republic of France, on March 22nd, 1928, made said Will, in the form derived from the Laws of England, at London, England, under date November 30th, 1927, and duly probated by the Superior Court for the District of Montreal on April 18th, 1928; copy of said Will, and of the Probate thereof, being herewith produced and fyled to form part hereof as Plaintiffs' Exhibit No. 1;

40 5. THAT Defendant Shaughnessy is presently indebted to the Incorporated Company, Mis-en-cause, in the sum of \$234,032.61, together with interest as hereinafter set forth, said indebtedness being made up as follows:—

(a) the sum of \$59,102.56, being the amount, with interest to August 31st, 1929, of a so-called loan from the Incorporated Company, Mis-en-cause, to said Defendant Shaughnessy, of \$50,000, and for which the latter holds no note or other acknowledgment, or any security whatsoever;

(b) the sum of \$13,607.81, being the amount, with interest to August 31st, 1929, of another so-called loan from the Incorporated Company, Mis-en-cause, to Defendant Shaughnessy, and for which the latter holds as security 3,000 debentures of Robert McNish & Son Limited, of a Par Value of \$5.00 each, and of a present market value of \$3.60 each, or \$10,800;

10 (c) the sum of \$7,213.15, being the amount of interest to August 31st, 1929, of another so-called loan from the Incorporated Company, Mis-en-cause, to Defendant Shaughnessy, and for which the latter holds as collateral security 375 " B " shares of Canadian Industrial Alcohol Company, Limited, without Nominal or Par Value, and of a present market value of \$10.00 per share, or \$3,750;

20 (d) the sum of \$10,394.19, being the amount, with interest to August 31st, 1929, theretofore appropriated by Defendant Shaughnessy from the funds of the Incorporated Company, Mis-en-cause, of \$10,000, and for which the latter holds no note or other acknowledgment, or any security whatsoever;

(e) the sum of \$143,714.90, with interest from September 25th, 1929, appropriated on that date by Defendant Shaughnessy from the funds of the Incorporated Company, Mis-en-cause, and for which the latter holds no note or other acknowledgment, or any security whatsoever;

30 6. THAT the Board of Directors of the Incorporated Company is composed of the Defendant Shaughnessy, the Mis-en-cause Reaper, and the Female Plaintiff;

7. THAT the indebtedness of Defendant Shaughnessy referred to in Paragraphs 5 (a), (b) and (c), has been outstanding for over two (2) years, and Defendant Shaughnessy and Mis-en-cause Reaper, as the majority of the Board of Directors of the Incorporated Company, have taken no steps to enforce payment thereof from the Defendant Shaughnessy, although the collateral security held is wholly inadequate to secure payment of said sums;

40 8. THAT, moreover, the indebtedness referred to in Paragraphs 5 (d) and (e) has been incurred with and through the connivance of Defendant Shaughnessy and the Mis-en-cause Reaper, without the knowledge, consent or approval of the Female Plaintiff as their Co-Director;

9. THAT on or about September 20th, 1929, Defendant Shaughnessy, in connivance with the Mis-en-cause Reaper, unlaw-

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Writ of
Summons
and De-
claration
re Case No.
A-60334,
Superior
Court,
Montreal
(Suit on
behalf of
The Incor-
porated
Company to
recover
\$234,032.61),
7th Febru-
ary 1930—
continued.

Exhibits.

—
P-220.

Writ of
Summons
and De-
claration
re Case No.
A-60334,
Superior
Court,
Montreal
(Suit on
behalf of
The Incor-
porated
Company to
recover
\$234,032.61),
7th Febru-
ary 1930—
continued.

10 fully and wrongfully caused entries to be made in the books and records of the Incorporated Company, Mis-en-cause, purporting to show that his indebtedness referred to in Paragraphs 5 (a) and 5 (d) hereof had been compensated and extinguished by transfers of like amount from and out of a sum of approximately \$217,461.65, therefore standing upon the books of the Incorporated Company, Mis-en-cause, at the credit of the Mis-en-cause Marler and McLean as Trustees, but actually the property of said Estate; the sum referred to in Paragraph 5 (e) hereof having been withdrawn by Defendant
10 Shaughnessy from the funds of the Incorporated Company, Mis-en-cause, on or about September 25th, 1929, as the balance of said sum of approximately \$217,461.65;

10 10. THAT Plaintiffs on January 18th, 1930, in and by that certain cause, bearing the number F-65140 of the records of this Court, brought suit against the present Defendant and present Mis-en-cause, to have declared, among other things, that said sum of approximately \$217,461.65, and all interest thereon, was and is the property of the said Estate, and to have the Incorporated Company,
20 Mis-en-cause, condemned to pay the same accordingly; the whole as will more fully appear upon reference to a copy of the Plaintiffs' Declaration in said cause, number F-65140, herewith produced and filed to form part hereof as Plaintiffs' Exhibit No. 2;

30 11. THAT notwithstanding the service and entry of said suit, number F-65140, said Defendant Shaughnessy and the Mis-en-cause Reaper, as constituting the majority of the Board of Directors of the Incorporated Company, Mis-en-cause, have failed, neglected and refused to make any move, by the institution of suit, or otherwise,
30 against Defendant Shaughnessy, in the name and on behalf of the Incorporated Company Mis-en-cause, to recover any of the sums due to the latter as specified in Paragraph 5 hereof;

40 12. THAT Defendant Shaughnessy and the Mis-en-cause Reaper are using their offices as Directors of the Incorporated Company Mis-en-cause in an illegal, unfair and improper manner to prevent the exercise by the latter of its said claims and rights against Defendant Shaughnessy, and are thereby oppressing and defeating the rights in the premises, as well of said Incorporated Company
40 Mis-en-cause, as of its Shareholders, including the Estate of said late Sir Mortimer B. Davis, and the Plaintiffs herein;

13. THAT by reason of the premises, Plaintiffs are well-founded in bringing the present suit to have Defendant Shaughnessy condemned to pay to the Incorporated Company Mis-en-cause the said several sums due to the latter by him as specified in Paragraph 5 hereof.

WHEREFORE Plaintiffs pray that by the judgment to be rendered on the present action, it be said and declared as follows, that is to say:

(a) That Defendant and the Mis-en-cause be summoned to be and appear before the said Court to contest the present action, if they so desire, and to hear the judgment to be rendered thereon;

10 (b) That Defendant Shaughnessy be condemned to pay and satisfy to the Incorporated Company Mis-en-cause said sum of \$234,032.61, with interest on \$90,317.71 (made up of said sums of \$59,102.58, \$13,607.81, \$7,213.15 and \$10,394.19), from September 1st, last past, 1929, and on the sum of \$143,714.90 from September 25th, last, past, 1929.

The whole with costs against Defendant Shaughnessy in any event, and also against such of the Mis-en-cause as may appear and contest the present action.

20 Plaintiffs expressly reserving all such other and further recourse and conclusions as to law and justice may pertain.

MONTREAL, February 7th, 1930.

(Signed) W. K. McKEOWN,
Attorney for Plaintiffs.

(True Copy).

30 W. K. McKEOWN,
Attorney for Plaintiffs.

Exhibits.
P-220.
Writ of
Summons
and De-
claration
re Case No.
A-60334,
Superior
Court,
Montreal
(Suit on
behalf of
The Incor-
porated
Company to
recover
\$234,032.61),
7th Febru-
ary 1930—
continued.

Exhibits.

P-221.
Defence
of Lord
Shaugh-
nessy to
Suit No.
A-60334;
7th Febru-
ary 1930.

PLAINTIFFS' EXHIBIT P-221

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
No. A-60334

SUPERIOR COURT

LADY DAVIS, ET AL.,

10

Plaintiffs,

—vs.—

THE RIGHT HONOURABLE LORD SHAUGHNESSY,
Defendant,

AND

20 SIR MORTIMER DAVIS INCORPORATED, ET AL.,
Mis-en-cause.

DEFENDANT'S PLEA

Defendant for plea to the plaintiffs' action saith:

1. That he admits paragraphs 1, 2 and 6 of the plaintiffs' declaration.
- 30 2. That he denies paragraphs 3, 5, 7, 8, 9, 11, 12 and 13 of the said declaration.
3. That the document Plaintiffs' Exhibit No. 1 referred to in the fourth paragraph of the said declaration must be interpreted according to its terms and the said paragraph is denied except insofar as it is in accordance therewith.
- 40 4. That as to paragraph 10 of the said declaration, the records of the Superior Court action therein referred to speak for themselves and the allegations of the said paragraph are denied except insofar as they are in accordance therewith.

And the defendant further alleges:—

5. That the defendant herein has pleaded as one of the defendants in the Superior Court action No. 65140, referred to in the

plaintiffs' declaration and his said plea therein is well founded in fact and in law and defendant reiterates and invokes the allegations of said plea of which a copy is herewith produced to form part hereof as Defendants' Exhibit D-1.

Exhibits.

P-221.
Defence
of Lord
Shaughnessy to
Suit No.
A-60334,
7th February 1930—
continued.

10 6. That in any event there is no *lien de droit* between the plaintiffs and the defendant in respect of the matters alleged in plaintiffs' declaration and the plaintiffs' present action is unfounded in fact and in law and should be dismissed.

WHEREFORE defendant prays that plaintiffs' action should be dismissed with costs.

Montreal, 18th February, 1930.

(Signed) MEREDITH, HOLDEN, HEWARD & HOLDEN,
Attorneys for Defendant.

20

PLAINTIFFS' EXHIBIT P-222

Province of Quebec,
District of Montreal,
Superior Court,
for the Province of Quebec.

Form 0230a

No. C-62341

30 LADY DAVIS (DAME ELEANOR CURRAN), of Cannes, in the Republic of France, widow of the late Sir Mortimer Barnet Davis, Knight, and MORTIMER BARNET DAVIS, JUNIOR, Gentleman, of the City and State of New York, in the United States of America,

Plaintiffs,

—vs.—

40 THE RIGHT HONOURABLE LORD SHAUGHNESSY (WILLIAM JAMES SHAUGHNESSY), of the City and District of Montreal,

Defendant,

—AND—

SIR MORTIMER DAVIS, INCORPORATED, a Corporation having its Head Office in Montreal aforesaid; HONOURABLE HERBERT M. MARLER and HERBERT B. McLEAN, both of Montreal aforesaid, as well personally as insofar as may

P-222.
Writ of
Summons
and De-
claration
re Case No.
C-62341,
Superior
Court,
Montreal
(Suit on
behalf of
the Estate
to recover
25 Shares of
The Incor-
porated
Company),
8th Febru-
ary 1930.

10 be necessary or useful, in their qualities of Joint Trustees named and appointed in and by a certain Deed *sous seing privee*, made and bearing date at Montreal aforesaid September 17th, 1924, purporting to contain a Gift from said late Sir Mortimer Barnet Davis to said Right Honourable Lord Shaughnessy (William James Shaughnessy), and SAID RIGHT HONOURABLE LORD SHAUGHNESSY (WILLIAM JAMES SHAUGHNESSY), ALEXANDER M. REAPER of Montreal aforesaid, and SAID LADY DAVIS (DAME ELEANOR CURRAN), all in their qualities of Joint Executors and Trustees of the Last Will and Testament of said late Sir Mortimer Barnet Davis, duly probated by said Superior Court for the District of Montreal on April 18th, 1928,

Mis-en-Cause.

GEORGE THE FIFTH, by the Grace of God, of the United Kingdom of Great Britain and Ireland, and of the British Dominions beyond the Seas, King, Defender of the Faith, Emperor of India.

20 To any of the bailiffs of the said Superior Court duly appointed for the district of Montreal,

Greeting:—

30 We command you, at the instance of plaintiffs, to seize and attach by means of *Saisie Conservatoire* pursuant to Article 642 of the Code of Procedure, 25 Shares of the Capital Stock of the Mis-en-Cause Corporation, first transferred from the name of Mis-en-Cause Marler to the Mis-en-Cause Marler and McLean, Trustees, and later by the latter two, transferred into the name of Defendant Shaughnessy, and to summon said defendant and Mis-en-cause to appear at the office of the prothonotary of our said Superior Court in the Court-House, in the City and district of Montreal, within a delay of six days from the date of the service upon them of the present writ, when the distance from the place of service to the place where the Court is held does not exceed 50 miles (when the distance exceeds 50 miles the delay is increased one day for each additional 50 miles; provided always that the distance exceeds 20 days whatever the distance), to answer the demand of plaintiffs as contained in the declaration in this cause made and to show cause why the present
40 *Saisie Conservatoire* should not be declared valid. In default by the defendant or Mis-en-cause to appear within the said delay, judgment may be rendered against them by default.

And have, there and then or before, this writ and your proceedings thereon.

IN WITNESS WHEREOF we have caused the seal of our said

Exhibits.
—
P-222.
Writ of Summons and Declaration re Case No. C-62341, Superior Court, Montreal (Suit on behalf of the Estate to recover 25 Shares of The Incorporated Company), 8th February 1930—
continued.

Exhibits.

— 441 —

P-222.
Writ of
Summons
and De-
claration
re Case No.
C-62341,
Superior
Court,
Montreal
(Suit on
behalf of
the Estate
to recover
25 Shares of
The Incor-
porated
Company),
8th Febru-
ary 1930—
continued.

Superior Court to be hereto affixed at Montreal, this Eighth day of February, one thousand nine hundred and thirty.

(Signed)

C. E. SAUVE,
Dep. Prothonotary of the said Court.

L. S.

(TRUE COPY)

10 W. K. McKEOWN,
Attorney for Plaintiffs.

PLAINTIFFS' DECLARATION
(Case No. C-62341.)

Plaintiffs Declare:—

20 1. THAT Plaintiffs are the universal residuary legatees under the Last Will and Testament of the late Sir Mortimer Barnet Davis, who departed this life at Cannes, in the Republic of France, on March 22nd, 1928, made, said Will, in the form derived from the Laws of England, at London, England, under date November 30th, 1927, and duly probated by the Superior Court for the District of Montreal, on April 18th, 1928; the whole as will appear upon reference to a copy of said Will, and of the Probate thereof, herewith produced and fyled to form part hereof as Plaintiffs' Exhibit No. 1;

30 2. THAT as such universal residuary legatees, Plaintiffs are interested in having the 25 shares of the Capital Stock of the Company Mis-en-cause, hereinafter specially referred to, declared to be the sole property of the Estate of said Testator, and in having said 25 shares registered accordingly in the books of the said Company Mis-en-cause;

40 3. THAT under said Will, Female Plaintiff, said Defendant Shaughnessy and the Mis-en-cause Reaper were appointed to be the Trustees and Executors thereof, and they have all accepted office and have entered upon the duties thereof;

4. THAT on or about December 8th, 1928, Mis-en-cause Marler sold to the said Estate 500 shares of the Capital Stock of the Company Mis-en-cause, at \$170 per share, and received in payment thereof the Cheque of the Estate, to his order, for \$85,000;

5. THAT following said purchase of said 500 shares by the

Estate, Defendant Shaughnessy and Mis-en-cause Reaper, in place of transferring to, and registering in the name of the Estate, the whole of said 500 shares, unlawfully and wrongfully first caused 25 of said shares to be transferred, as by Mis-en-cause Marler, to, and to be registered in the names of the Mis-en-cause Marler and McLean as Trustees, and thereafter, likewise illegally and wrongfully caused the Mis-en-cause Marler and McLean, as Trustees, to transfer the same 25 shares to Defendant Shaughnessy;

10 6. THAT the manipulation and appropriation by Defendant Shaughnessy of said 25 shares as aforesaid was based upon claims made by him in virtue of a pretended gift to him from said late Sir Mortimer Barnet Davis, purporting to be contained in an Agreement *sous seing privée* bearing date September 17th, 1924, between the Company Mis-en-cause and Defendant Shaughnessy, in which said late Sir Mortimer Barnet Davis and the Mis-en-cause Marler and McLean were intervening parties; copy of said Agreement being herewith produced and fyled to form part hereof as Plaintiffs' Exhibit No. 2;

20

7. THAT none of the rights so claimed by Defendant Shaughnessy under said pretended gift, and which he pretended to exercise in manipulating and appropriating said 25 shares, as aforesaid, ever had any existence in fact or in law, and Plaintiffs on January 18th, 1930, in and by that certain cause bearing the number F-65140 of the records of this Court, duly brought suit against Defendant Shaughnessy and the present Mis-en-cause, to have said pretended gift declared void; copy of the Plaintiffs' Declaration in said suit being herewith produced and fyled to form part hereof as Plaintiffs' Exhibit No. 3;

30

8. THAT the pretended transfers and registrations of said 25 shares made on the books of the Company Mis-en-cause, as set out in Paragraph 5 hereof, were and are wholly simulated, non-existent in law, null and void, and were resorted to by Defendant Shaughnessy with intent from the outset to unlawfully appropriate said 25 shares to his own use and benefit;

40 9. THAT neither the Mis-en-cause Marler and McLean, as Trustees, or Defendant Shaughnessy ever had any rights in and to the said 25 shares;

10. THAT moreover as an Executor and Trustee of the Estate, Defendant Shaughnessy was, by law, precluded from directly or indirectly purchasing said 25 shares from the Estate, and the pretended purchase thereof by him or for his benefit and account was and is wholly void;

Exhibits.

—
P-222.
Writ of
Summons
and De-
claration
re Case No.
C-62341,
Superior
Court,
Montreal
(Suit on
behalf of
the Estate
to recover
25 Shares of
The Incor-
porated
Company),
8th Febru-
ary 1930—
continued.

Exhibits.
P-222.
Writ of
Summons
and De-
claration
re Case No.
C-62341,
Superior
Court,
Montreal
(Suit on
behalf of
the Estate
to recover
25 Shares of
The Incor-
porated
Company),
8th Febru-
ary 1930—
continued.

11. THAT for the reasons given, said 25 shares, ever since the purchase thereof by the Estate from the Mis-en-cause Marler, have continued to be, and still are, the property of the Estate, and are worth \$4,250;

10 12. THAT Plaintiffs are justly entitled to bring suit against Defendant Shaughnessy for the purpose of having all pretended sales, transfers and registrations made in the books and registers of the Company Mis-en-cause respecting said 25 shares, in or since the month of December, 1928, declared null and void, and to have said 25 shares declared to be the property of the Estate, and to be vested in Female Plaintiff and the Mis-en-cause Shaughnessy and Reaper and their successors in office, as the Executors and Trustees of said Will, and to have the Company Mis-en-cause ordered to register said 25 shares in the name of Female Plaintiff and of the Mis-en-cause Shaughnessy and Reaper, and their successors in office, as such Executors and Trustees of said Will;

20 13. THAT Plaintiffs are further entitled by law and by the jurisprudence to join to said action to be brought for the purpose set out in the foregoing paragraph a Conservatory Attachment, *Saisie Conservatoire*, to have said 25 shares of the Company Mis-en-cause placed under judicial custody to assure the exercise over the same of the rights of myself, of Plaintiffs and of those of the Mis-en-cause Shaughnessy, Reaper and Lady Davis, as such Executors and Trustees, and of their successors in office;

30 14. THAT apart from a Conservatory Attachment as aforesaid, there is no other remedy equally convenient, beneficial and effectual for the conservation of the rights of Plaintiffs and of said Mis-en-cause Shaughnessy, Reaper and Lady Davis, as such Executors and Trustees, and of their successors in office, as aforesaid;

15. THAT Plaintiffs expressly reserve all such other and further recourse as they may have in the premises against Defendant or the Mis-en-cause, or any of them;

40 WHEREFORE Plaintiffs pray that by the judgment to be herein rendered it may be said and declared as follows:—

(a) that Defendant and the Mis-en-cause be summoned to be and appear before said Court to answer to the present action, and to contest the same if they so desire, and to hear and be bound by the judgment herein to be rendered;

(b) that the writ of *Saisie Conservatoire* herein issued,

and the Seizure by way of Conservatory Attachment made thereunder of said 25 shares of the Capital Stock of the Company Mis-en-cause, first transferred from the name of the Mis-en-cause Marler to the Mis-en-cause Marler and McLean as trustees, and later, by the latter two, transferred into the name of Defendant Shaughnessy, be declared good, valid and binding, and be maintained for each and every the purposes of law;

10 (c) that ever since the purchase of said 25 shares by the Estate of the late Sir Mortimer Davis the same have been, and still are, the sole property of said Estate, and are vested in the Mis-en-cause Shaughnessy, Reaper and Lady Davis, and their successors in office, as Executors and Trustees of said Last Will;

20 (d) that all pretended transfers, registrations and entries whatsoever, made in the registers and/or books of the Company Mis-en-cause, in any manner respecting said 25 shares, in or since the month of December, 1928, and in particular all those purporting to indicate Defendant Shaughnessy as the owner and holder of said 25 shares, are null, void and of no effect, and insofar as the same may be necessary or useful, that all such transfers, registrations and entries be annulled and set aside for all purposes of law, and the Company Mis-en-cause ordered to cancel and obliterate all of the same in and upon their registers and/or books;

30 (e) that the Company Mis-en-cause be ordered to forthwith register said 25 shares in the name of the Mis-en-cause Shaughnessy, Reaper and Lady Davis, or their successors in office, as Executors and Trustees of the Last Will of the late Sir Mortimer Barnet Davis;

40 (f) that in the event of the Company Mis-en-cause failing to comply with the judgment herein to be rendered within 15 days from the date thereof, that the service upon the Company Mis-en-cause of a copy of said judgment, and the attaching, at the diligence of Plaintiffs, of a further copy of said judgment in a secure and permanent manner in the book of transfers of the shares of the Company Mis-en-cause, shall have the same effect as though said judgment had been voluntarily carried into effect by said Company Mis-en-cause;

The whole with costs against Defendant Shaughnessy in any event, and also against such of the Mis-en-cause as may appear and contest the present action;

Exhibits.

P-222.
Writ of
Summons
and De-
claration
re Case No.
C-62341,
Superior
Court,
Montreal
(Suit on
behalf of
the Estate
to recover
25 Shares of
The Incor-
porated
Company),
8th Febru-
ary 1930—
continued.

Exhibits.

P-222.
Writ of
Summons
and De-
claration
re Case No.
C-62341,
Superior
Court,
Montreal
(Suit on
behalf of
the Estate
to recover
25 Shares of
The Incor-
porated
Company),
8th Febru-
ary 1930—
continued.

Plaintiffs expressly reserving all such other and further recourse
and conclusions as to law and justice may pertain.

MONTREAL, February 8th, 1930.

(Signed) W. K. McKEOWN,
Attorney for Plaintiffs.

True Copy.

10 W. K. McKEOWN,
Attorney for Plaintiffs.

PLAINTIFFS' EXHIBIT P-223

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
No. C-62341.

SUPERIOR COURT

20

LADY DAVIS ET AL,

vs.

THE RIGHT HONOURABLE LORD SHAUGHNESSY

Defendant,

AND

30

SIR MORTIMER DAVIS INCORPORATED ET AL,

Mis-en-Cause.

DEFENDANT'S PLEA

The defendant for plea to the plaintiffs' action saith:

40 1.—That the document, Plaintiffs' Exhibit No. 1, referred to
in the first and third paragraphs of the plaintiffs' declaration must be
interpreted according to its terms and the allegations of the said
paragraphs are denied except in so far as they are in accordance
therewith.

2. That he denies paragraphs 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13,
and 14 of the said declaration.

AND the defendant further alleges:

3. That the 500 shares of the capital stock of Sir Mortimer Davis, Incorporated, referred to in the plaintiffs' declaration were dealt with by the mis-en-cause Marler in accordance with the by-laws of that company duly enacted in that regard.

Exhibits.

P-223.

Defence
of Lord
Shaugh-
nessy to
Suit No.
C-62341,
25th Febru-
ary 1930—
continued.

10 4. That the 25 shares which were purchased from the mis-en-cause Marler by the mis-en-cause Marler and McLean as holders in trust of shares in the said Company were so purchased in accordance with the by-laws of that Company duly enacted in that regard.

5. That the said 25 shares were duly acquired and paid for by the defendant from the said mis-en-cause Marler and McLean under the agreement, plaintiffs' exhibit No. 2, and under the said by-laws.

20 6. That there is no lien de droit between the plaintiffs and the defendant and the plaintiffs' action is unfounded in law and in fact and should be dismissed.

THEREFORE the defendant prays that the plaintiffs' action, including the conservatory attachment practiced therein, be dismissed with costs.

Montreal, 25th February, 1930.

(Signed) MEREDITH, HOLDEN, HEWARD AND HOLDEN,
Attorneys for Defendant.

30

40

Exhibit Group No. 16: Donations by the Estate and the Incorporated Co.

PLAINTIFFS' EXHIBIT P-95

**ESTATE SIR MORTIMER B. DAVIS
LIST OF DONATIONS PAID BY ESTATE
FROM MARCH 22, 1928 TO JANUARY 31, 1930**

Exhibits.
—
P-95.
Donations from the funds of the Estate, \$310,356.90, March 1928 -January 1930.

10	June 15, 1928	Joint Hospital Campaign..... On account of a subscription made by Sir Mortimer of \$10,000.00 on which \$2,500.00 had been previously paid.	\$2,500.00
	Mar. 22, 1928 to Aug. 31, 1929	Sir Mortimer B. Davis Memorial Building for Young Men's Hebrew Association which Sir Mortimer had undertaken to build. Payments made..... Estimated provision to complete building, taken up in liabilities as at Aug. 31, 1929.....	\$295,360.76 14,996.14
20			<u>\$310,356.90</u>
	Aug. 31, 1929 to Jan. 31, 1930.	Payments were made to the amount of \$9,721.96, leaving an estimated amount of \$5,274.18 yet to be paid.	

PLAINTIFFS' EXHIBIT P-73 and P-94

**SIR MORTIMER DAVIS, INCORPORATED
PAYMENTS ON DONATIONS FROM MARCH 22, 1928
TO JANUARY 31, 1930**

P-73 and P-94.
Donations from the funds of the Incorporated Company, \$22,070, March 1928 -January 1930.

30	1928	Financial Federation	Federation of Jewish Philanthropies	Mrs. O'Grady
	April 4.....	\$250.00		
	May 1.....		\$2,500.00	
	July 9.....	250.00		
40	July 9.....		2,500.00	
	Sept. 29.....	250.00	2,500.00	
	May 1-Sept. 30 at \$20.00 per week.....			\$440.00
		<u>\$750.00</u>	<u>\$7,500.00</u>	<u>\$404.00</u>
	Total.....			<u>\$8,690.00</u>

The above payments to Financial Federation and the Federation of Jewish Philanthropies were balances of subscriptions of the Campaigns of the Fall of 1927.

	1929			
Exhibits. — P-73 and P-94.	Jan. 4	\$250.00	\$2,500.00	.....
	April 10	250.00	2,500.00	.....
	July 16	250.00	2,500.00	.....
	Sept. 30	250.00	2,500.00	.....
	Oct. 1, 1928 to Sept. 30, 1929 . . . . .	.....	.....	\$1,040.00
Donations from the funds of the Incor- porated Company, \$22,070, March 1928, January 1930— <i>con- tinued.</i>	Total	<u>\$1,000.00</u>	<u>\$10,000.00</u>	<u>\$1,400.00</u>
				\$12,040.00
10	Oct. 1, 1929 to Jan. 31, 1930	.....	.....	340.00
	Total	<u>\$1,750.00</u>	<u>\$17,500.00</u>	<u>\$1,820.00</u>
				<u>\$22,070.00</u>

20

30

40

Exhibit Group No. 17: Re Jennison Transactions

DEFENDANTS' EXHIBIT D-128

7th December, 1927

George W. Goethal, Esq.,
40 Wall Street,
New York, N.Y.

Exhibits.

D-128.

Letter
to Colonel
Goethals
from Lord
Shaugh-
nessy,
7th Dec-
ember 1927.

10

Dear Sir:—

As we have not met personally, I shall preface my request by introducing myself.

I am Lord Shaughnessy, son of the late Lord Shaughnessy who was for some years President of the Canadian Pacific Railway Company, and I am Vice-President of the above named corporation, which is engaged in the business of finance, in connection with which we have very large interests.

20

I am seeking, for a position of importance and responsibility in my corporation, for a man of financial experience to take charge of important work, and have been approached by a Mr. Jennison who claims to have been at one time a Vice-President and Director of your corporation.

30

I am therefore writing you to request from you, in strictest confidence, some information concerning Mr. Jennison, and more particularly why he happened to sever his connection with such an important and reputable firm as yours, and am doing this simply because the position for which he has applied is one of great trust and responsibility.

I can assure you that anything you may say will be held in strictest confidence, as I have not told Mr. Jennison that I was even communicating with you.

Trusting that you will pardon my intrusion upon you in the premises and with thanks in anticipation of an early reply.

40

Yours very truly,

SHAUGHNESSY

S/FH

DEFENDANTS' EXHIBIT D-127

GEORGE W. GOETHALS

CONSULTING ENGINEER

40 Wall Street
New York

December 10, 1927

Exhibits.

D-127.

Letter
to Lord
Shaugh-
nessy from
Colonel
Goethals,
10th Dec-
ember 1927.

10 Lord Shaughnessy, Vice-President,
Sir Mortimer Davis, Incorporated,
Canada Cement Building,
Montreal, Canada.

Dear Sir,

I have yours of the 7th instant relative to Mr. Jennison.

20 Mr. Jennison is able, he is essentially a promoter, knows the
financial game, has been more or less successful at it, but I regret to
state that while my relations with Mr. Jennison have not been in-
timate I have never been able to put the fullest confidence in him.

This must be taken for what it is worth, as I am a man of strong
prejudices.

Very truly yours,

GEO. W. GOETHALS,
M.

30 Dictated but not signed by General Goethals.

PLAINTIFFS' EXHIBIT P-71 (a)

C. S. JENNISON

MONTREAL

22nd May, 1928

P-71 (a).
Letter
to Lord
Shaugh-
nessy from
C. S. Jenni-
son,
22nd May
1928.

40 Right Hon. Lord Shaughnessy, K.C.
Canada Cement Building,
Montreal.

My dear Lord Shaughnessy:—

I am making the following suggestion in view of the future
program which we have discussed, and of the fact that I wish to
enter into an arrangement with you which will act as the connecting

link between the activities of the present time and those which we contemplate. Because of my belief in the success of the operation which we have in mind, I wish to suggest a way which will be most likely to result in the satisfactory completion of our second step, and at the same time afford you every opportunity of thought and observation.

10 Jennison & Company has been incorporated under Dominion laws with an authorized Share Capital of 1000 (one thousand) shares of Preferred Stock—6% cumulative and 1000 (one thousand) shares of No Par value Common stock. The Common Stock has been issued to me as fully paid in exchange for the business which I have heretofore been conducting under my own name.

20 There are several important negotiations now in progress, and others which will require the services of outside individuals under my direction to conclude, I should like to arrange from or through you, for a loan of \$10,000 (Ten thousand dollars) for a period of six months. This loan is to be secured by the deposit with you of 500 Shares, or one half of the common stock of Jennison & Company. I will personally undertake the obligation of this loan.

If at any time before maturity you wish to accept the stock in full payment of the note you may do so. In the event that it is not possible or advisable to proceed with the plans which we have in mind, I will repay this loan at maturity if you so desire.

30 The acceptance of the stock of Jennison & Company would doubtless be made by you at a time when we have determined just what position would be accorded Jennison & Company in any enlarged program.

It will be understood that we may wish to change the name or the capital structure of Jennison & Company, or that we may wish to absorb some other Company, or have our holdings in Jennison & Company acquired by some other organization or corporation.

I am confident enough as to the fact of our community of interest in a further plan to agree with you at this time, that I shall be quite willing to leave the question of our interests in such an operation in your hands when the decision is to be made on this point.

40 The reason for my making a note of the maturity suggested, lies in the fact that the amount which is required will be sufficient to largely carry the ordinary expenses of the operation, and will also make possible the completion of several of the matters now in hand prior to the maturity of the note. On the other hand it does not at all preclude our coming to some adjustment of the situation, if within the next 30 or 60 days your own plans can be consummated.

I shall wish to consult with you from time to time as to the pro-

Exhibits.

P-71 (a).
Letter
to Lord
Shaugh-
nessy from
C. S. Jenni-
son,
22nd May
1928—con-
tinued.

Exhibits.

— 452 —

P-71 (a).
Letter
to Lord
Shaugh-
nessy from
C. S. Jenni-
son,
22nd May
1928—con-
tinued.

gress of various matters which we now have in hand, and I wish to assure you of the fact that my present suggestion is based upon a very sincere desire to build with you a situation that we can jointly have a real pride in. I should like to arrange this transaction within the next few days if possible, as it is quite necessary for me to plan for the execution of a considerable amount of work which I must put in motion.

Faithfully yours,

10

C. S. Jennison.

PLAINTIFFS' EXHIBIT P-71 (b)

May 28, 1928

20 C. S. Jennison, Esq.,
Montreal, Que.

Dear Sir:

I beg to acknowledge receipt of your letter of the 22nd inst. containing tentative proposals for an intermediate arrangement between you and Sir Mortimer Davis, Incorporated.

P-71 (b).
Letter to
C. S. Jenni-
son from
Lord
Shaugh-
nessy,
28th May
1928.

30 This proposal meets with our approval provided, first, that it is understood that no preferred stock will be issued while the note is outstanding and secondly, that at the expiration of six months, the due date of the note, we will be able to make with you an arrangement which might be different than the alternatives suggested in your letter.

40 Subject to the above, we agree to loan to you the sum of \$10,000. upon your note for that amount for six months carrying interest at the rate of 6% per annum and to take as collateral security 500 shares of the common stock of Jennison & Company, the whole according to the further terms and conditions expressed in your favor of the 22nd inst. above referred to.

Yours very truly,

SIR MORTIMER DAVIS INCORPORATED

Shaughnessy

Vice-President.

PLAINTIFFS' EXHIBIT P-247

No. 2060

Montreal, Canada, May 28th, 1928

Montreal Branch

THE CANADIAN BANK OF COMMERCE

Pay C. S. Jennison, or Order, Ten thousand Dollars.

10 \$10,000.00

Sir Mortimer Davis, Incorporated
Shaughnessy, Vice-President.
A. M. Reaper, Sec.-Treasurer.

Endorsed by C. S. Jennison.

Exhibits.
P-247.
Cheque of
the Incor-
porated
Company to
order of C. S.
Jennison,
28th May
1928.

PLAINTIFFS' EXHIBIT P-246

20

LETTERS PATENT

INCORPORATING

JENNISON & COMPANY LIMITED

(AS A PRIVATE COMPANY)

Dated 20th June 1928, Recorded 6th July 1928

30

THOMAS MULVEY
Dep. Registrar General of Canada
CANADA

BY THE HONOURABLE FERNAND RINFRET
Secretary of State of Canada

P-246.
Letters
Patent
(Canada) in-
corporating
Jennison &
Co., Ltd.,
20th June
1928.

*To all to whom these presents shall come, or whom the same may in
anywise concern,—*

GREETING:

40 WHEREAS in and by the first part of Chapter 27 of the Revised Statutes of Canada, 1927, known as "The Companies Act," it is among other things in effect enacted that the Secretary of State of Canada may, by Letters Patent under his seal of office, grant a charter to any number of persons, not less than five, who having complied with the requirements of the said Act, apply therefor, constituting such persons and others who thereafter become shareholders in the company thereby created, a body corporate and politic

for any of the purposes or objects to which the legislative authority of the Parliament of Canada extends, except the construction and working of railways or of telegraph or telephone lines, the business of banking, the issue of paper money, the business of insurance, the business of a loan company or the business of a trust company, upon the applicants therefor establishing to the satisfaction of the Secretary of State due compliance with the several conditions and terms in and by the said Act set forth and thereby made conditions precedent to the granting of such charter.

10 AND WHEREAS JOHN EDWARD GRIVELL, Accountant; HELENA PEERS and ADA LEWIS, Clerks; HANNA GRACE McKELL, and AUDREY MARIE MARTIN, Stenographers; all of the City of Montreal, in the Province of Quebec,

have made application for a charter under the said Act, constituting them and such others as may become shareholders in the company thereby created a body corporate and politic, under the name of

JENNISON & COMPANY LIMITED

20 for the purposes hereinafter mentioned, and have satisfactorily established the sufficiency of all proceedings required by the said Act to be taken, and the truth and sufficiency of all facts required to be established previous to the granting of such Letters Patent, and have filed in the Department of the Secretary of State a duplicate of the Memorandum of Agreement executed by the said applicants in conformity with the provisions of the said Act.

30 NOW KNOW YE that I, the said FERNAND RINFRET, Secretary of State of Canada, under the authority of the hereinbefore in part recited Act, do by these Letters Patent, constitute the said JOHN EDWARD GRIVELL, HELENA PEERS, ADA LEWIS, HANNA GRACE McKEIL and AUDREY MARIE MARTIN, and all others who may become shareholders in the said company, a body corporate and politic, by the name of

JENNISON & COMPANY LIMITED

with all the rights and powers given by the said Act and for the following purposes and objects namely:

40 (a) To act as Fiscal Agents, Financial Advisers, and Managers for persons, firms, corporations and Municipalities, and to carry on a General Financial Agency, Promotion, and Investment business;

(b) To investigate, examine and report on the books standing, prospects, finances, character, business affairs and condition of any person, firm or corporation, or on the circumstances of any business, concern or undertaking, and, generally, on any assets, property or rights;

Exhibits.

P-246.

Letters
Patent
(Canada) in-
corporating
Jennison &
Co., Ltd.,
20th June
1928—con-
tinued.

Exhibits.
P-246.
Letters
Patent
(Canada) in-
corporating
Jennison &
Co., Ltd.,
20th June
1928—con-
tinued.

(c) To promote, organize, reorganize, develop, administer, control, finance, buy, sell, wind up, operate or assist in the promotion, organization, management or operation of any corporation, company, syndicate, enterprise or undertaking, and, as incidental thereto, to undertake, manage, control or otherwise deal with the business, and undertaking of any individual, firm or corporation, for the purpose of fostering the interests of said individual, firm or corporation and/or protecting any securities issued or held thereby, or carrying on to completion any transaction in which said individual, firm or corpora-
10 tion is interested;

(d) To underwrite, subscribe for and acquire, by exchange, purchase or otherwise, and to hold, as principal or agent, as owner, pledgee, mortgagee or otherwise, and to sell, guarantee the sale of, offer for subscription, exchange, transfer, assign or otherwise dispose of or deal in Real Estate, the Bonds, Debentures, Mortgages, Evidences of Indebtedness, Stock, Shares, Real Estate or Securities of any Government, Governmental Agency, Taxing Body, Commission, Municipal or School Corporation, or any Banking, Public Utility,
20 Commercial, Industrial or other company or corporation, individual or Association, and, while the owner thereof, to exercise all the rights and privileges of ownership, including all voting rights, if any, with respect thereto;

(e) To invest or loan any surplus funds of the Company in such manner as the Directors may from time to time determine;

(f) To distribute in specie or otherwise, any assets of the Com-
30 pany among its members, and particularly, any shares, bonds, debentures or other securities received as the consideration of the sale of the whole or any portion of the property of the Company, or the shares, bonds, debentures, or other securities of any other company formed to take over the whole or any part of the assets or liabilities of this Company, or any bonds, debentures or securities which the Company may itself have acquired.

The operations of the company to be carried on throughout the Dominion of Canada and elsewhere.

40 The place within the Dominion of Canada which is to be the chief place of business of the said company, is the City of Montreal, in the Province of Quebec.

The capital stock of the said company shall consist of One thousand (1,000) preference shares of the par value of One hundred (\$100.00) dollars each and One thousand (1,000) shares without nominal or par value, subject to the increase of such capital stock under the provisions of the said Act; provided, however, that the

said shares without nominal or par value may be issued and allotted at such price, and for such consideration as the Directors of the Company may determine from time to time, not less in any case than five (\$5.00) dollars per share.

The said preference shares shall carry and be subject to the preferences, priorities, rights, privileges, limitations and conditions hereinafter set forth, that is to say:—

10 1. The holders of said preference shares shall be entitled to and shall receive half-yearly on the first days of July and January in each year, as, when, and if declared by the Board of Directors dividends cumulative from July 1st, 1928 or from the half yearly dividend day next preceding the date of issue, or from the date of issue if it be a half yearly dividend day on the amount paid up on their shares at the rate of six (6%) per cent per annum but no more, out of and from surplus or net profits of the Company (being moneys properly applicable to the payment of dividends) in preference to and with priority over any payment of dividends upon the common shares of the Company.

20 2. The holders of preference shares shall have no voting rights, but in the event of the liquidation, dissolution, or winding up of the Company, the holders of the said preference shares (before any distribution is made to holders of common shares) shall be entitled to receive an amount of one hundred and five (\$105.00) dollars per share, together with any unpaid cumulative dividends thereon and no more.

30 3. The Company shall have the right, from time to time, at its option to redeem the whole or any part of the preference shares hereby created on any dividend date, by paying the holders thereof on the basis of one hundred and five (\$105.00) dollars for fully paid up preference shares together with all accrued and unpaid cumulative dividends, or by purchasing the whole or any part of such outstanding preference shares in the open market, or by private sale, but for an amount not exceeding one hundred and five (\$105.00) dollars per fully paid up shares together with all accrued and unpaid cumulative dividends; providing that in the event of the Company redeeming at any time otherwise than by purchase in the open market or by private sale as aforesaid, less than the whole of the then outstanding preference shares, the share so redeemed shall be determined by drawing lots, such drawing to be made by responsible persons appointed by the Board of Directors of the Company in such manner as may be determined by the Board.

At least thirty days' notice in advance of such redemption shall be mailed to each holder of such preference shares to be redeemed at his post office address or at his address as last appears on the books of

the Company, and on and after the date fixed for such redemption dividends on such preference shares in respect of which notice of redemption has been given shall cease, unless the Company shall fail so to redeem such shares in accordance with such notice, and the respective holders thereof shall have no further rights except to receive payment therefor at the said redemption price upon presentation and surrender of their respective certificates.

Exhibits.

P-246.

Letters
Patent
(Canada) in-
corporating
Jennison &
Co., Ltd.,
20th June
1928—con-
tinued.

10 The Company shall not, so long as any of the preference shares hereby created remain outstanding except with the consent and approval of at least seventy-five (75%) per cent in value of the preference shares then outstanding given at a meeting specially called for such purpose, create any other or additional preference shares or securities ranking in priority to or on a parity with the preference shares hereby created.

It is hereby ordained and declared that the Company shall be deemed to be a Private Company under the provisions of The Companies Act, with the following restrictions, viz:—

20 1. No shareholder shall transfer his shares without the consent of the Directors, to be evidenced in the manner set forth from time to time, in the by-laws of the Company;

2. The number of shareholders of the Company (exclusive of persons who are in the employ of the Company, and of persons who having been formerly in the employment of the company were while in such employment and have continued after the termination of such employment to be members of the company) shall be limited to fifty (50);

30 3. No invitation shall be issued to the public to subscribe for any shares or debentures of the Company.

And it is further ordained and declared that, if authorized by by-law, sanctioned by at least two-thirds of the votes cast at a special general meeting of the shareholders, duly called for considering the by-law, the directors may from time to time:—

- 40
- (a) Borrow money upon the credit of the company;
 - (b) Limit or increase the amount to be borrowed;
 - (c) Issue bonds, debentures, debenture stock or other securities of the company and pledge or sell the same for such sums and at such prices as may be deemed expedient;
 - (d) Hypothecate, mortgage or pledge, the real or personal property of the company, or both, to secure any such bonds, debentures, debenture stock or other securities and any money borrowed for the purposes of the company.

Nothing in this clause contained shall limit or restrict the borrowing of money by the company on bills of exchange or promissory notes made, drawn, accepted or endorsed, by or on behalf of the company.

Exhibits.

P-246.
Letters
Patent
(Canada) in-
corporating
Jennison &
Co., Ltd.,
20th June
1928—con-
tinued.

That the said JOHN EDWARD GRIVELL, HELENA PEERS, ADA LEWIS, HANNA GRACE McKEIL and AUDREY MARIE MARTIN, are to be the first or provisional directors of the said company.

10 PROVIDED ALWAYS that nothing in these presents expressed or contained shall be taken to authorize the construction and working of railways, or of telegraph or telephone lines, the business of banking, the issue of paper money, the business of insurance, the business of a loan company, or the business of a trust company by the said company.

GIVEN under my hand and seal of office, at Ottawa, this Twentieth day of June, 1928.

FERNAND RINFRET,
Secretary of State of Canada.

20 (L.S.)

PLAINTIFFS' EXHIBIT P-72

Montreal, 3rd December, 1928.

Right Hon. Lord Shaughnessy, K.C.

30 Canada Cement Building,
Montreal, Que.

P-72.
Letter
to Lord
Shaugh-
nessy from
C. S. Jenni-
son,
3rd Dec-
ember 1928.

My dear Lord Shaughnessy,

I will not at this time attempt to go into all the details concerning the business scope of the activities of Jennison & Company, as I believe you have on file the suggestions made to you and Sir Mortimer Davis earlier in the year, and from which I have not departed.

40 The measure of the activity of the organization is not entirely that of the invested capital, but rather in the personnel of the organization. In suggesting a capital I am guided primarily by the amount of a cash budget which I think will satisfactorily take care of the operations, and still permit of the maintenance of Bank balances which will provide a standing of substance with the institutions which I wish to have banking relations with.

I would estimate that a twelve months budget would be approximately as follows:—

Rent, Stenographic Service, Telephone, Telegraph, Postage, Supplies, etc., \$350.00 per month, or	\$4,200.00	per annum
Necessary Travelling	3,500.00	“
Salary, C. S. Jennison	30,000.00	“
Salary, Assistant	12,000.00	“
Interest on 100,000 Preferred stock at 6%	6,000.00	“
Total	\$55,700.00	“

10

There would be in addition to this budget, various costs for outside assistance in the examination of properties, which would in most cases be borne by clients, but which, in some cases, would have to be conducted for our own account. It might also be deemed advisable in special cases to make deposits as option on properties which we might wish to acquire. There is business on hand, which I believe, warrants my statement that a sufficient income will be derived therefrom to absorb the indicated overhead during the coming year.

20

Jennison & Company has authorized \$100,000 in 6% Preferred Shares and 1,000 Shares of Common Stock of No Par value. I suggest that you and your associates acquire the Preferred Stock, and that \$90,000 will be placed in the Treasury of the Company, which, together with the \$10,000 previously advanced would be a payment in full for the Preferred Stock at par. As holder of this Preferred Stock you would receive 6% interest on the investment. I would contribute the uncompleted business now on hand and the responsibility of the operation, and as I have contracts which it is possible to consummate and show a profit equal to the capital invested in Preferred Stock, I would suggest that we divide the Common Stock equally, and that in so doing, we would probably arrive at a fair basis for the division of future profits.

30

The stock of the Corporation is ready for immediate delivery, and I have taken offices adjoining the ones I now occupy on the 7th floor of the Canada Cement Building, as of December 1st, which I think will be adequate for our purposes.

Exhibits.

P-72.

Letter to Lord Shaughnessy from C. S. Jennison, 3rd December 1928
—continued.

40

I am appending a list of some of the Companies served or investigated during the last year, in many of which there are opportunities for profitable financing, and which make a valuable basis of information in the industries which they represent.

I would wish to do a moderate amount of advertising for our benefit in order that we may gradually reach out and become known in the field which we expect to serve. As to the Directors of the Company, that is entirely open to your own good judgment as to whether or not you wish to be publicly identified with the operation. As a

Exhibits.
—
P-72.
Letter
to Lord
Shaugh-
nessy from
C. S. Jenni-
son,
3rd Dec-
ember 1928
—continued.

matter of fact I would not plan on any announcement indicating more than the name of the Company and the purpose which it was trying to serve, confining any information as to those who owned the business to the Banking sources that I believe can be cultivated with profit. I have in mind the desirability of opening accounts at both the Bank of Montreal and the Bank of Commerce. I believe that the type of operation we have in mind can be conducted with a minimum of overhead, and that business in which there is a substantial profit can be developed.

10 I would like to carry a card in some of the papers, both daily and financial which would indicate that Jennison & Company were "Industrial Managers & Bankers." I think the simpler that we can make the form the better.

I shall be glad to discuss with you any further questions of operating detail which may occur to you, but I think that this statement will perhaps furnish you with my idea as to our operation.

Faithfully yours,

20

C. S. JENNISON.

WBC.

Geo. Hall Corporation, Ogdensburg and Montreal.
Algonquin Paper Coy., Ogdensburg, N. Y.
Century Coal Co., Montreal.
The Pedlar People Coy., Oshawa, Ont.
Eastern Steel Products, Winnipeg, Man.
Western Steel Products, Montreal.
Northern Breweries Ltd., Sudbury, Ont.
30 Sudbury Street Rly. & Power, Sudbury, Ont.
Gaspé Package Freight Co's., Quebec.
Automobile Owners Assoc., Montreal.
Melchers Distillery Co. Ltd., Montreal.
Rochester & Pittsburgh Coal Co., New York & Montreal.
A. Iselin & Company, New York.
A. Beath & Co'y., Toronto.
Dominion Equipment Coy., Montreal.
Hamilton By-Products Coke Co., Hamilton.
Dominion Envelope & Paper Co., Toronto.
40 Wire Bound Box Co., Toronto.
Burnett, Dechaux & British American Dry Cleaners, Montreal.

PLAINTIFFS' EXHIBIT P-18

January 16th, 1929.

C. S. Jennison, Esq.,
c/o Jennison & Co.,
Montreal, Que.

Exhibits.

P-18.
Letter
to C. S.
Jennison
from Incorporated
Company,
16th January
1929.

Dear Mr. Jennison,

10 With reference to our various interviews in connection with
the financial Company which we propose to operate and more particularly with reference to your letter in that connection dated December 3/28, I beg to advise you that we are agreed to enter into this Company upon the following conditions:

20 We will subscribe and pay for \$50,000. or 500 shares of \$100. each in the 6% Preferred stock of Jennison & Company, it being understood between us that no further Preferred stock will be issued or sold without this Company having the first right to purchase the same at par. Such payment of \$50,000. to include the \$10,000.
already advanced and represented by your note for that amount together with interest on the same. We will receive 50% or 500 shares of no par value of the Common stock of the Company, an equal amount being retained by you.

30 In payment of the stock, you will contribute the uncompleted business now on hand and the responsibility of operation. For management you will receive a salary of no more than \$20,000. per annum, to be paid by Jennison & Company, in any event, until such time as it appears clear that the Company is successful and profitable and able to pay more—this question to be decided by the Board of Directors. We shall be entitled to two Directors on the Board.

As to the management and operation of the business, we leave that, of course, entirely to you and your organization subject to our desire at any time to confer with you in connection with the same and give such help by way of advice, as may be necessary.

We would also be glad from time to time, when the occasion arises, to become underwriters in securities which we consider satisfactory when the Company makes an issue.

40 I think the foregoing covers the points we discussed.

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED,

SHAUGHNESSY,
President.

Exhibit Group No. 18: Re Investment Foundation Co.

DEFENDANTS' EXHIBIT D-129

INVESTMENT FOUNDATION LIMITED

Exhibits.

D-129.
Prospects re
Investment
Foundation,
Ltd.,
March 1929.

10

40,000 Shares Convertible Preferred Stock
40,000 Shares Common Stock
(With Option Warrants)

FLOOD, BARNES & CO. LIMITED

20

285 Notre Dame Street West, Montreal
Telephone HARbour 5121

40,000 Shares Convertible Preferred Stock
40,000 Shares Common Stock
(With Option Warrants)

INVESTMENT FOUNDATION LIMITED

30

The Preferred Stock has preference both as to dividends and assets. Preferred cumulative dividends at the rate of 6% per annum are payable quarterly January 15, April 15, July 15, October 15, in Canadian Currency at any branch of The Royal Bank of Canada, in Canada, such dividends to accrue from April 1, 1929. Convertible at any time at the option of the holder into Common Stock share for share.

40 Redeemable on any dividend date in whole or in part upon 30 days' notice at \$52.50 per share. In the event of the Preferred Stock being called, preferred shareholders will have the right to convert their shares into Common at any time prior to the call date.

Non voting except in the event of five quarterly dividends in the aggregate being in arrears; then and until such arrears are paid up the preferred shareholders shall have one vote for each share and the right to elect the majority of the directors.

No By-law increasing the preferred stock now authorized or modifying in any way the Charter provisions relating thereto, shall

have effect if the holders of one-third of the outstanding Preferred shares shall vote against it at a special meeting called for that purpose.

This offering is made in units; each unit consists of one share of Preferred and one share of Common stock and carries a non-detachable warrant entitling the unit holder to subscribe to one-half share of Common at the rate of \$20.00 per share in respect to each unit up to and including November 1, 1933, and the Preferred and Common shares and Option Warrants comprising such units may not be transferred separately until March 1, 1933, unless the Preferred stock be redeemed, or converted, or such separation be authorized by the Directors.

No stock of the Corporation has been issued except for cash.

Transfer Agent: Montreal Trust Company, Montreal.

Registrar: The Royal Trust Company, Montreal.

CAPITALIZATION

	Authorized	To be Issued
20 Preferred Stock 6% Cumulative		
Convertible \$50 par value	40,000 shares	40,000 shares
Common Stock (No Par Value)	200,000 shares	70,000 shares
(Of the 70,000 common shares issues, 40,000 are to be issued as part of the units. The Directors have purchased 30,000 shares of common stock at \$15 per share.		

The option warrants outstanding on 90,000 shares of common stock are all exercisable at \$20 per share up to and including November 1, 1933. Another amount of 40,000 shares common stock is reserved for the conversion of the 6% Cumulative Preferred Stock.)

THE COMPANY

Investment Foundation Limited is incorporated under the laws of the Province of Quebec with broad powers including among others the right to buy, hold, sell and deal in securities of any kind and to participate in financial undertakings generally, thereby giving investors the advantages of participation in a diversified investment not available to them as individuals.

The Company has not entered into any management contract, but will, in addition to its board of directors, employ competent financial advisors and statisticians.

DIRECTORS

The directors are representative men from various sections of Canada of proven ability and integrity with wide financial experience.

Exhibits.

D-129.

Prospects re
Investment
Foundation,
Ltd.,
March 1929
—continued.

40

Exhibits.
—
D-129.
Prospects *re*
Investment
Foundation,
Ltd.,
March 1929
—continued.

- K. S. Barnes, Flood, Barnes & Co. Limited, Montreal, Que.
L. J. Belnap, President Worthington Pump & Machinery Corporation, New York.
A. K. Cameron, Vice-President Eastern Steel Products Limited, Montreal, Que., Director The Eastern Trust Co.
W. M. Chadbourne, Chairman Board of Directors of Abercrombie and Fitch Company, New York.
F. B. Common, K.C., Brown, Montgomery & McMichael, Montreal, Que.
10 Hon. T. A. Crerar, President United Grain Growers, Limited, Winnipeg, Man.
H. C. Flood, Director Canadian Bronze Co. Limited, Montreal, Que.
Severe Godin, Jr., President Société de Placements du Canada, Montreal, Que.
Oliver Hall, General Manager The Mond Nickel Company, Limited, Coniston, Ont.
C. S. Jennison, Jennison & Company Limited, Montreal, Que.
L. A. Lovett, K.C., MacInnes, Lovett & MacDonald, Halifax, N.S.
20 James MacMurray, President Eastern Securities Company Limited, St. John, N.B.
H. E. Mahon, Director Nova Scotia Light & Power Co. Ltd., Halifax, N.S.
W. H. Mara, Director Hiram Walker-Gooderham & Worts, Limited, Toronto, Ont., Canada Malting Company Limited.
J. E. C. Meffre, Banque H. A. Basin, Paris, France.
Marshall W. Pask, Pask & Walbridge, Members New York Stock Exchange, New York.
T. G. Potter, Flood, Potter & Company, Montreal, Que.
30 Ernest Rossiter, President St. Lawrence Paper Mills Co. Ltd., Montreal Que.
Rt. Hon. Lord Shaughnessy, K.C., President Canadian Industrial Alcohol Company Ltd., Montreal, Que., Director Canadian Pacific Railway.
E. G. Tennyson d'Eyncourt, Director Cockburn Trust Limited, London, Eng.
N. A. Timmins, President Hollinger Cons. Gold Mines Ltd., Montreal, Que., Director Power Corporation of Canada Limited.
40 No Directors' fees will be paid until the Company's earnings are at the rate of \$2.00 per share on the Common stock issued.

RESTRICTIONS

The Company's policy will be as follows:

1. Not more than 10% of the company's capital to be invested in any one undertaking, whether it be in preferred or common stock, or any other form of equity, interest or indebtedness.

2. Not more than 25% in any one class of industry, with the exception of public utilities.
3. Of the total investments, 50% must be in dividend paying securities listed on some recognized stock exchange or market.
4. No dividend shall be paid on the common stock until there has been placed to reserve an amount equal to two years full dividend on the then outstanding preferred stock.

Exhibits.

D-129.
Prospects *re*
Investment
Foundation,
Ltd.,
March 1929
—continued.

10

CONVERTIBLE FEATURE

The Preferred stock is convertible at any time at the holder's option, share for share, into common stock. The object in making this issue in units is to furnish to the preferred shareholder a sound investment and, through the convertible feature, purchase of common stock and warrant to purchase additional common stock, the right to participate in a substantial way in the Company's earnings.

Price on application

20

PLAINTIFFS' EXHIBIT P-261

No. 2521

Montreal, March 28th, 1929.

THE CANADIAN BANK OF COMMERCE

Pay Flood, Barnes & Co. Limited, or Order, Ninety-seven thousand, five hundred Dollars.

30 \$97,500.00

Sir Mortimer Davis, Incorporated.
Shaughnessy, President.
A. M. Reaper, Secretary-Treasurer.

Endorsed by Flood, Barnes & Co. Ltd.

No. 2553

Montreal, April 18th, 1929.

THE CANADIAN BANK OF COMMERCE
Montreal Branch

Pay Flood, Barnes & Co. Limited, or Order, Forty-five thousand Dollars.

40

\$45,000.00

Sir Mortimer Davis, Incorporated.
Shaughnessy, President.
A. M. Reaper, Secretary-Treasurer.

Endorsed by Flood, Barnes & Co. Ltd.

P-261.
Cheques (2)
of Incorporated
Company to
order of
Flood,
Barnes &
Co., Ltd.,
for \$97,500
and \$45,000,
28th March
and 18th
April 1929.

PLAINTIFFS' EXHIBIT P-77
INVESTMENT FOUNDATION LIMITED
BALANCE SHEET AS OF NOVEMBER 30, 1929

Exhibits.
 P-77.
 Monthly
 Statement
 Investment
 Foundation
 Limited,
 30th Nov-
 ember 1929.

ASSETS			
	Cash in Banks.....	\$	11,544.86
	Call Loans:		
	St. Lawrence Paper Mills, 6%....	\$	300,000.00
	Bank of Toronto, 6½%.....		185,000.00
	Bank of Nova Scotia, 6%.....		43,000.00
			528,000.00
10	Time Loans:		
	St. Lawrence Paper Mills, 7½%..		200,000.00
	Securities at Cost:		
	Industrials	\$	651,683.18
	Public Utilities		579,541.51
	Oils		353,718.72
	Railways		176,248.94
	Mines		529,312.26
	Banks		148,827.00
	Bonds		62,747.50
			\$2,502,079.11
	Accrued interest on bonds.....		1,708.74
			2,503,787.85
			\$3,243,332.71
20	Due from:		
	Bank of Nova Scotia.....	\$	219.12
	Bank of Toronto.....		1,136.20
	St. Lawrence Paper Mills.....		2,886.42
			4,241.74
	Furniture and fixtures.....		460.93
	Organization—legal fees		6,627.27
			\$3,254,662.65

LIABILITIES			
	Capital Stock outstanding:		
	40,000 Shs. 6% Pfd. (Par Value \$50).....	\$	2,000,000.00
	70,000 Shs. Common (no Par Value).....		1,050,000.00
			\$3,050,000.00
	Reserve for dividend payable on 6% Pfd.....		20,000.00
30	Surplus Account		184,662.65
			\$3,254,662.65

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR PERIOD
NOVEMBER 1-NOVEMBER 30, 1929

	Profit from sale of securities (as per attached Schedule).....	\$	18,362.98
	Interest revenue:		
	Call Loans	\$	4,241.74
	Interest on Bonds.....		355.86
			4,597.60
40	Dividends received		1,836.12
			\$ 24,796.70

EXPENDITURES			
	General expense	\$	6.65
	Printing and stationery.....		15.76
	Rent, Room 602.....		112.50
	Salaries		1,148.32
	Stock registration		10.65
	Telephone and telegraphs.....		5.00
			\$ 1,298.88

Deduct:		
Expenses recovered	245.15	
		<hr/>
Profit from operations.....		\$ 23,742.97
Add:		
Surplus as at October 31, 1929.....		170,919.68
		<hr/>
		\$ 194,662.65
Deduct:		
Reserve for dividend due 6% preferred stock.....		10,000.00
		<hr/>
Surplus as at November 30, 1929.....		\$ 184,662.65
		<hr/> <hr/>

10

SCHEDULE OF PURCHASES AND SALES FOR PERIOD NOVEMBER 1-30, 1929

SALES

No. of Shares	Sale Price	Cost Price	Profit from Sale
500 Brazilian Traction	\$ 49	\$ 43.30	\$ 2,675.00
100 Consolidated Smelters	290	235.50	5,415.48
250 Montreal Power	124	115.30	2,095.00
500 Shawinigan	87	72.30	7,162.50
100 Steel Company of Canada.....	50.20	40.05	1,015.00
			<hr/>
			\$18,362.98
			<hr/> <hr/>

PURCHASES

20	No. of Shares		
	100 Steel Company of Canada Pfd.....	\$ 42.30	
	25 Do. Com.	42.30	
	25 Consolidated Smelters	250.50	
	250 Montreal Power	115.30	
	800 Lake Shore Mines.....	18.50	

SECURITIES ON HAND AS AT NOVEMBER 30, 1929

INDUSTRIALS

No. of Shares	Cost Price	Market Price	Book Cost
30	500 Amalgamated Electric Com.....	\$ 35.37	\$ 28
	500 Borden's Co.	85.40	64.25
	300 Canada Cement	27.52	19
	400 Canada Malting	25.62	18
	200 Canadian Bronze	44.30	46
	500 Dominion Bridge	111.40	74
	250 Dominion Textile	100.60	75
	200 Eastman Kodak	228.77	175
	200 General American Tank Car.....	113.76	91.25
	475 Hiram Walker	13.75	12
	200 Massey Harris Co. Limited.....	55.30	43
	100 Montgomery Ward	91.36	56.50
	300 National Breweries Limited.....	143.32	123
	710 Service Stations "A".....	60.16	45
	200 Sherwin Williams Co. Limited.....	38.30	36
40	500 Standard Brands	37.98	27.50
	1,180 Steel Co. of Canada.....	51	44
	290 Steel Co. of Canada Pfd.....	41.12	39.50
	1,000 St. Lawrence Paper Mills Common.....	12.00	15.00
	750 St. Lawrence Paper Mills Pfd.....	71.25	69
	1,000 St. Regis Paper.....	35.81	19
	200 Union Carbide	122.47	77
	100 United States Rubber Pfd.....	75.56	50
	200 United States Steel.....	227.53	162.25
	200 Wesson Oil and Snowdrift Pfd.....	60.79	52.50
	50 Westinghouse Electric	207.76	134
			<hr/>
			\$ 651,683.18

Exhibits.

P-77.
Monthly
Statement,
Investment
Foundation,
Limited,
30th Nov-
ember 1929
—continued.

PUBLIC UTILITIES

No. of Shares		Cost Price	Market Price	Book Cost
100	American Gas and Electric.....	155.94	115	15,594.35
500	Brazilian Traction Light.....	66.05	42	33,278.12
975	British Columbia Power, Class "A".....	43	38	41,970.00
400	Columbia Gas & Electric Corp.....	117.74	69.50	47,097.74
200	Consolidated Gas of New York.....	132.20	97	26,439.70
300	Electric Bond & Share.....	135.98	77.50	40,794.74
100	Hydro Electric Corp.....	82.30	39	8,230.00
800	Montreal Light, Heat & Power.....	124.08	119	99,275.00
500	Niagara & Hudson Power.....	21.20	14.50	10,604.80
100	Pacific Gas & Electric.....	76.24	53.25	7,624.00
400	Power Corporation of Canada.....	110.92	78.50	44,370.00
10	800 Public Service of New Jersey.....	113.87	78.25	91,096.13
	750 Shawinigan Water & Power.....	90.30	77	67,712.50
	250 Southern Canada Power.....	41.30	34	10,325.00
	600 United Corporation.....	58.55	30	35,129.43
				<u>\$ 579,541.51</u>

OILS

1,500	British American Oil.....	53.60	40.25	80,412.25
3,000	Imperial Oil Limited.....	28.57	28	85,706.25
1,000	International Petroleum.....	25.72	22	25,723.12
100	Mid-Continental Petroleum.....	35.51	28.75	3,551.43
1,500	Standard Oil of New Jersey.....	74.95	64	112,353.15
500	Texas Corporation.....	66.74	56	33,797.12
100	Vacuum Oil Company.....	121.75	94.50	12,175.40
				<u>\$ 353,718.72</u>

20

RAILWAYS

300	Allegheny Corp.....	42.55	23.25	12,765.25
200	Baltimore & Ohio.....	134.88	117.25	26,976.65
300	Canadian Pacific Rly.....	219.79	201	65,937.99
300	New York Central.....	235.23	174.25	70,569.05
				<u>\$ 176,248.94</u>

MINES

400	Anaconda Copper.....	111.40	77.75	44,551.15
175	Consolidated Mining.....	384.80	268.00	67,337.50
5,000	International Nickel.....	48.30	30.25	241,405.67
1,500	Lake Shore Mines.....	18.10	19.25	27,175.00
2,415	Noranda Mines.....	44.55	34	107,588.21
30	500 Kennecott Copper.....	82.51	57.25	41,254.73
				<u>\$ 529,312.26</u>

BANKS

100	Banque Canadienne Nat.....	170	170	17,000.00
100	Bank of Montreal.....	349.15	295	34,915.00
100	Dominion Bank.....	240.25	225	24,025.00
200	Royal Bank of Canada.....	364.50	294	72,887.00
				<u>\$ 148,827.00</u>

BONDS

Par Values				
20,000	Fraser Co.'s 6%, 1932.....	100.20	97	20,047.50
10,000	State of Rio Grande 6'68.....	82.50	76	8,250.00
10,000	Tokio Electric Light 6'53.....	88.25	88	8,825.00
40	10,000 Rep. of Colombia 6'61.....	78.50	78.25	7,850.00
	10,000 Oriental Development 6'53.....	92	95	9,200.00
	10,000 State of Sao Paulo 6'68.....	85.75	77	8,575.00
				<u>\$ 62,747.50</u>
				<u><u>\$2,502,079.11</u></u>

Exhibits.
—
P-77.
Monthly
Statement,
Investment
Foundation,
Limited,
30th Nov-
ember 1929
—continued.

PLAINTIFFS' EXHIBIT P-78

MONTREAL, December 19th, 1929

Sir,

Enclosed you will find:—

Exhibits.
P-78.
Letter
to Lord
Shaugh-
nessy from
H. C. Flood,
19th Dec-
ember 1929.

- 10 Statement showing our financial condition as at November 30th.
Statement of the Profit and Loss Account for the month of
November,
Schedule of Purchases and Sales for the month of November,
List of securities held as of November 30th, and letter to share-
holders, dated December 18th.

20 Taking market quotations as at the close of business on Decem-
ber 14th, and deducting Reserves and Surplus Account, our holdings
show a depreciation of \$277,000. We hold 36,350 shares of stock in
what we believe to be first class companies and an average rise in
price of say \$10. per share would place our Company in a favourable
position. This, we believe, should come about in a relatively short
space of time.

30 Over 98% of our assets are invested in dividend paying securities
and in well margined Call and Time Loans. On the basis of present
dividends and interest rates our annual income is running at the rate
of \$137,810., which more than takes care of our preferred dividend
and office expenses. It may interest you to know that since the
inception of the Company there has been received in dividends,
interest on call loans and bank balances \$95,659.53, which, after
deducting expenses of \$9,404.41, leaves \$86,255.12 available for
dividends. In addition, we have dividends coming in during the
present month and on January 2nd, aggregating \$15,457.

The above figures do not take into account \$178,407.53, which
represents trading profits taken since the inception of the Company.

At a Meeting of our Directors held on December 16th, the
regular quarterly dividend of 75c. per share was declared for the
quarter ending December 31st, payable January 15th, 1930, to
shareholders of record December 31st, 1929.

40 If there is any further information that you would like to have
we shall be glad to furnish it.

Yours very truly,

H. C. FLOOD,
President.

Rt. Hon. Lord Shaughnessy, K.C.,
Montreal, P.Q.

DEFENDANTS' EXHIBIT D-73

MONTREAL, December 19th, 1929.

Exhibits.

D-73.

Letter to
Share-
holders from
H. C. Flood,
President,
Investment
Foundation,
Limited,
19th Dec-
ember 1929.

To the Shareholders of
Investment Foundation Limited.

10 At the regular monthly meeting of the Board of Directors of your Company, held on December 16th, the regular quarterly dividend of 75 cents (being at the rate of 6% per annum) on the preferred stock of the Company was declared payable January 15th, 1930, to shareholders of record December 31st, 1929.

Your Company was organized in the early part of the present year and commenced business as of the first of April. In view of the very drastic drop in all securities prices, which took place during October and November, the Directors felt that preliminary information as to the status of your Company would be welcomed by the shareholders.

20 Prior to the collapse in the stock markets, your Company had realized on certain of its investments, and thus created a reserve. Also the Company's revenue from interest and dividends is more than sufficient to absorb the operating charges of the Company and provide for the preferred dividend. While the market value of your Company's investments has suffered in common with all securities, it will be of interest to the shareholders to know that over ninety-eight per cent of the Company's assets are invested in secured call loans, high grade bonds and dividend paying stocks.

30 At no time has your Company borrowed money for the purchase of securities, and to date it has at all times been a substantial lender in the call money markets.

The Company's first fiscal year will end on March 31st, 1930, after which date audited financial statements for the year will be forwarded to you.

By order of the Board of Directors.

H. C. FLOOD,
President.

Exhibits.
 P-260.
 Compilation showing market values of securities carried by Investment Foundation Limited and depreciation from cost, 30th November 1929.

PLAINTIFFS' EXHIBIT P-260—SHEET No. 1
 INVESTMENT FOUNDATION LIMITED

COMPILATION FROM FINANCIAL STATEMENT OF THE COMPANY AS OF DATE NOVEMBER 30, 1929, SHOWING MARKET VALUE OF SECURITIES THEN BEING CARRIED UPON ITS BOOKS AT \$2,502,079.11

CHARACTER OF SECURITIES	As entered in books	% each investment	% each Department	Less depreciation	Market value	
					Nov. 30, 1929	Nov. 30, 1929
Industrials.....	651,683.18	26.0	24.8	133,803	517,880.18	517,880.18
Public Utilities.....	579,541.51	23.2	27.7	149,311	430,230.51	430,230.51
Oils.....	353,718.72	14.1	8.5	45,651	308,067.72	308,067.72
Railways.....	176,248.94	7.0	6.1	32,647	143,601.94	143,601.94
Mines.....	529,312.26	21.2	28.9	155,533	373,779.26	373,779.26
Banks.....	148,827.00	5.9	3.9	20,830	127,997.00	127,997.00
Bonds.....	62,747.50	2.6	0.1	1,915	60,832.50	60,832.50
Total as per books.....	\$2,502,079.11	100%	100%			
Total depreciation as per statement Nov. 30, 1929.....				\$539,690.00		
Total market value of Securities as per statement Nov. 30, 1929.....						\$1,962,389.11

PLAINTIFFS' EXHIBIT P-260—SHEET No. 2

INVESTMENT FOUNDATION LIMITED
(AS AT NOVEMBER 30th, 1930)

DEPRECIATION OF SECURITIES AT MARKET

		INDUSTRIALS		Dep.	Amount
Shares	Stocks				
	500 Am. El.			7.35	3,675.00
	500 Bordens			21.15	10,575.00
	300 Cement			8.52	2,556.00
10	400 Can. Malt			7.62	3,052.00
	200 Can. Bronze			1.70	340.00
	500 Dom. Bridge			37.40	18,700.00
	250 Dom. Tek.			25.60	6,400.00
	200 Fast. Kodak			53.77	10,754.00
	200 Gen. Am. Tank			22.51	4,504.00
	475 H. Walker			1.75	831.00
	200 Massey H.			12.30	24.60
	100 Mont. Ward			34.86	3,486.00
	300 Nat. Breweries		2,032.00		6,096.00
	710 Service Stat "A"			15.16	1,076.00
	200 Sherwin Wms			2.30	460.00
20	500 Stnd. Brands			10.48	5,240.00
	1,180 Steel of Can.			7.00	8,260.00
	290 do do Pfd			1.62	469.00
	1,000 St. L. Paper Com.			3.00	3,000.00
	750 do do Pfd			2.25	1,687.00
	1,000 St. Regis Paper			16.81	16,810.00
	200 Union Carbd.			45.47	9,094.00
	100 U.S. Rubber, Pfd			25.56	2,556.00
	200 U.S. Steel			65.28	13,056.00
	200 Wesson Oil, Pfd			8.29	1,658.
	50 West El.			73.75	3,688.00
30	Total depreciation on Industrials from cost				<u>\$133,803.00</u>

PUBLIC UTILITIES

		Shares	Stocks	Dep.	Amount
Exhibits. P-260. Compilation showing market values of securities carried by Investment Foundation, Limited, and depre- ciation from cost, 30th Nov- ember 1929 —continued.		100	Am. Gas & El.	40.94	4,094.00
		500	Brazil	24.05	12,025.00
		975	B.C. Power "A"	5.00	4,875.00
		400	Col. Gas	48.24	19,296.00
		200	Cons. Gas, N.Y.	35.20	7,040.00
		300	Fl. Bond and Share	58.48	17,544.00
		100	Hydro El.	43.30	4,330.00
		800	Mont. Power	5.08	4,064.00
	10	500	Niagara & Hudson Power	6.70	3,350.00
		100	Pac. Gas & El.	22.99	2,299.
		400	Power Corp.	32.42	12,968.00
		800	Pub. Service, N.J.	35.62	28,496.00
		750	Shawinigan, W. & P.	13.30	9,975.00
		250	So. Can. Power	7.30	1,825.00
		600	United Corp.	28.55	17,130.00
	Total Depreciation Public Utilities from cost				<u>\$149,311.00</u>

Exhibits.
—
P-260.
Compilation
showing
market
values of
securities
carried by
Investment
Foundation,
Limited,
and depre-
ciation from
cost,
30th Nov-
ember 1929
—continued.

		OILS		Dep.	Amount
Shares	Stocks				
	1,500	Br. Am. Oil.....		\$13.35	\$20,025.00
	3,000	Imperial Oil.....		.57	1,710.00
	1,000	International Pete.....		3.72	3,720.00
	100	Mid-Continental.....		6.76	6.76
	1,500	Standard of N.J.....		10.95	164.25
	500	Texas Corporation.....		10.74	5,370.00
	100	Vacuum Oil.....		27.25	2,725.00
10		Total depreciation Oils from cost.....			<u>\$45,651.00</u>
		RAILWAYS		Dep.	Amount
Shares	Stocks				
	300	Allegheny Corp.....		\$17.30	\$5,190.00
	200	B. & O.....		17.63	3,526.00
	300	C.P.R.....		18.79	5,637.00
	300	N.Y. Central.....		60.98	18,294.00
		Total depreciation Railways from cost.....			<u>\$32,647.00</u>
		MINES		Dep.	Amount
Shares	Stocks				
20	400	Anaconda.....		\$33.65	\$13,460.00
	175	Cons. Mining.....		116.80	20,440.00
	5,000	Int. Nickel.....		18.05	90,250.00
	1,500	Lake Shore.....		1.15	1,725.00
	2,415	Noranda.....		10.55	25,478.00
	500	Kennecott.....		15.26	7,630.00
		Total depreciation Mines from cost.....			<u>\$155,533.00</u>
		BANKS		Dep.	Amount
Shares	Stocks				
30	100	Can. National.....		(Nil)	.....
	100	Montreal.....		54.15	45.15
	100	Dominion.....		15.15	1,515.00
	200	Royal.....		69.50	13,900.00
		Total depreciation Banks from cost.....			<u>\$20,830.00</u>
		BONDS		Dep.	Amount
Shares	Stocks				
40	20,000	Fraser Co. 6%, 1932.....		3.20	640.00
	10,000	State Rio Grande 6%, '68.....		6.50	650.00
	10,000	Tokio Fl. Light 6% '53.....		0.25	25.00
	10,000	Rep. of Columbia 6% '61.....		0.25	25.00
	10,000	Oriental Devpmt. 6% '53.....		3.00	300.00
	10,000	State of San Paulo 6% '68.....		8.75	875.00
		Total depreciation Bonds from cost.....			<u>\$1,915.00</u>

DEFENDANTS' EXHIBIT D-130—1

10

P. S. ROSS & SONS
Chartered Accountants, Trustees & Liquidators

Royal Bank Building
360 St. James Street

Montreal, Que., 17th April, 1930.

Exhibits.

AUDITORS' CERTIFICATE

D-130.
Balance
Sheet of
Investment
Foundation,
Ltd.,
3rd March
1930.

20

To the President and Shareholders,
Investment Foundation Limited,
Montreal.

We have audited the books and accounts of Investment Foundation Limited from the date of incorporation to 31st March, 1930, and have obtained all the information and explanations we have required.

30

We certify that, in our opinion, the attached Balance Sheet and Statement of Operations set forth the financial position of the Company at 31st March, 1930 and the results of its operations for the period ended that date, according to the best of our information, explanations submitted to us and as shown by the books.

P. S. ROSS & SONS,

Chartered Accountants.

40

Exhibits.
—
D-130.
Balance Sheet of Investment Foundation, Ltd., 3rd March 1930—continued.

DEFENDANTS' EXHIBIT D-130—A
INVESTMENT FOUNDATION LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1930

ASSETS		LIABILITIES	
Cash at Banks.....	\$ 44,647.15	Accounts Payable on Security Purchases.....	\$ 11,640.00
Call Loans.....	733,000.00	Accrued Preferred Dividend.....	30,000.00
Accrued Interest and Dividends.....	16,713.88		
Accounts Receivable.....	705.44	Investment Reserve.....	\$ 41,640.00
Investment Securities at cost.....	2,471,560.29		164,492.42
	<u>\$3,266,626.76</u>		
		CAPITAL:	
		6% Cumulative Convertible Preferred Stock:	
		Authorized and Issued 40,000 Shares—	
		Par Value \$50.00.....	2,000,000.00
		Common Stock—No Par Value:	
		Authorized 200,000 shares..	
		Issued 70,000 shares..	\$1,050,000.00
		Note:—90,000 Warrants are	
		at present outstanding—	
		with right to subscribe for	
		90,000 shares of Common	
		Stock up to 1st Novem-	
		ber, 1933, at \$20.00 per	
		share.	
Furniture and Fixtures.....	576.00		
Deferred Organization Expenses.....	5,300.00		
		Surplus before providing for	
		Federal Income Tax.....	16,370.34
			<u>3,066,370.34</u>
			<u><u>\$3,272,502.76</u></u>

NOTE:—After taking into consideration the amount at the credit of Investment Reserve, the market value of the securities owned by the Company at the close of the fiscal year showed a depreciation from book value of \$142,912.87, or 5.78%.

Audited and Certified in accordance with our attached Certificate.

P. S. Ross & Sons,
Chartered Accountants.

Approved on behalf of the Board:

.....Director
.....Director

Montreal, 17th April, 1930.

10

DEFENDANTS' EXHIBIT D-130—B
INVESTMENT FOUNDATION LIMITED

STATEMENT OF OPERATIONS FROM 2ND MARCH, 1929,
TO 31ST MARCH, 1930

Exhibits.

D-130.
Balance
Sheet of
Investment
Foundation,
Ltd.,
3rd March
1930—con-
tinued.

	REVENUE:		
	Interest on Call Loans and Bank Balances.....	\$92,412.21	
	Interest on Bonds.....	2,630.60	
20	Dividends on Stocks.....	55,404.72	
		<u> </u>	\$150,447.53
	DEDUCT:		
	General Expenses, Salaries, Taxes, etc.....	17,492.73	
	Net Profit for period before Federal Income Tax.....		<u>\$132,954.80</u>
	DEDUCT:		
	Net Dividends paid on Preferred Stock.....	116,584.46	
	Surplus before providing for Federal Income Tax.....		<u><u>\$ 16,370.34</u></u>

30

Audited and Certified, in accordance
with our attached Certificate.

P. S. Ross & Sons,
Chartered Accountants.

Montreal, 17th April, 1930.

40

DEFENDANTS' EXHIBIT D-72

10

DIRECTORS—INVESTMENT FOUNDATION COMPANY

Exhibits.
D-72.
List of
Directors of
Investment
Foundation.

- K. S. BARNES..... Montreal.
L. J. BELNAP..... c/o Worthington Pump & Machinery Corporation, New York.
A. K. CAMERON..... c/o Eastern Steel Products Limited, Montreal.
W. M. CHADBOURNE..... 165, Broadway, New York.
F. B. COMMON, K.C..... Royal Bank Bldg., Montreal.
HON. T. A. CRERAR..... Dept. Railways and Canals, Ottawa.
H. C. FLOOD..... Montreal.
20 SEVERE GODIN, JR. c/o Societe de Placements du Canada, Montreal.
OLIVER HALL..... c/o Mond Nickel Co., Ltd., Copper Cliff, Ont.
C. S. JENNISON..... c/o Jennison & Co. Ltd., Montreal.
L. A. LOVETT, K.C..... c/o McInnes, Lovett & MacDonald, Halifax, N.S.
JAS. MACMURRAY..... c/o Eastern Securities Co., Ltd., St. John, N.B.
H. E. MAHON..... Halifax, N.S.
W. H. MARA..... c/o Mara & McCarthy, Toronto.
L. M. MCCARTHY..... Mara & McCarthy, Toronto.
J. E. C. MEFFRE..... c/o Banque H. A. Basin, Paris, France.
M. W. PASK..... c/o Pask & Walbridge, New York.
30 T. G. POTTER..... Montreal.
ERNEST ROSSITER..... c/o St. Lawrence Paper Mill Co. Ltd., Montreal.
RT. HON. LORD SHAUGHNESSY, K.C. Montreal.
E. G. TENNYSON-D'EYNCOURT . . . c/o Cockburn Trust Ltd., London, Eng.
N. A. TIMMINS..... Montreal.
A. S. FRASER..... Montreal.

Certified correct.
February 27th, 1930.

K. WHITTAKER,
Secretary.

40

Exhibit Group No. 19: Re Cadillac Coal Co.

PLAINTIFFS' EXHIBIT P-19 (a)

Montreal, January 30th, 1929.

To Cadillac Coal Co. Ltd.,
Montreal,
Que.

Exhibits.

P-19 (a).
Subscriptions for
Shares of
Cadillac
Coal Co.,
Limited,
30th January 1929.

10 **Sirs:**
We hereby subscribe for and agree to take and pay for 89,996 shares of the Capital Stock of Cadillac Coal Co. Limited, of the par value of \$5.00 each, at the price of \$5.00 per share, the said price to be paid forthwith upon allotment of the said shares to us, or our nominees.

Yours truly,

SIR MORTIMER DAVIS, INCORPORATED
SHAUGHNESSY.

20 **Witness:**
A. M. REAPER.

MEMO:

This subscription together with 4 Directors' shares making a total of 90,000 shares at \$5—\$450,000 which was offset by the payment of \$450,000 by the Cadillac Coal Company Limited on account of the purchase price of our Federal Coal Property.

30 To Cadillac Coal Co. Limited,
Montreal,
Que

Sirs:

I hereby subscribe for and agree to take and pay for 9,999 shares of the Capital Stock of Cadillac Coal Company Limited, of the par value of \$5.00 each, at the price of \$5.00 per share, the said price to be paid forthwith upon allotment of the said shares to me or my nominees.

Yours truly,

C. S. DONALDSON.

40 **Witness:**
WM. MACGREGOR.

MEMO:

This subscription together with 1 Director's share making a total of 10,000 shares at \$5—\$50,000, which was offset by the payment of \$50,000 by the Cadillac Coal Company Limited to C. S. Donaldson on account of the purchase price of assets transferred by him.

PLAINTIFFS' EXHIBIT P-19 (b)

MEMORANDUM OF AGREEMENT made in triplicate this 24th day of February, One thousand nine hundred and twenty-nine:
Between:

Exhibits.

—
P-19 (b).
Agreements
between In-
corporated
Company,
Cadillac
Coal Co.,
Limited,
and Christ-
opher S.
Donaldson,
24th Febru-
ary 1929.

10 SIR MORTIMER DAVIS, INC., a Company organized under the laws of the Province of Quebec, hereinafter called the "Davis Company,"
PARTY OF THE FIRST PART;

And:

CADILLAC COAL COMPANY, LIMITED, a Company organized under the laws of the Dominion of Canada, hereinafter called the "Cadillac Company,"

PARTY OF THE SECOND PART;

And:

20 CHRISTOPHER S. DONALDSON, of the City of Lethbridge, in the Province of Alberta, Mine Operator, hereinafter referred to as the "said Donaldson,"

PARTY OF THE THIRD PART;

WHEREAS the Davis Company is the owner of the real property hereinafter described, sometimes known and referred to as the "Federal Coals property"; and

30 WHEREAS the said Donaldson has been operating the said Federal Coals property under a lease from the Davis Company; and

WHEREAS the Davis Company has procured the consent of the said Donaldson to the termination of the said lease and the transfer by him to the Cadillac Company of all right and interest which he may have in any machinery, equipment, goods and chattels in and upon the said property; and

40 WHEREAS the Davis Company has agreed to transfer to the Cadillac Company the said property and all goods and chattels thereon or in connection therewith which it the Davis owns; and

WHEREAS it has been agreed between the parties hereto that the said transfers shall take effect as if they had been made on the 16th day of October, 1928;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH as follows:

(1) The Davis Company hereby grants, assigns, sells, transfers and makes over unto the Cadillac Company,

(a) the following real property, namely:

10 “ Those parcels of land situate in Township eight (8) Range twenty-two (22) West of the Fourth Meridian in the Province of Alberta and being; Firstly, Legal Subdivisions One (1) and eight (8), the northeast quarter and the north half of the southeast quarter of legal subdivision two (2), the east half of legal subdivision seven (7), the south half of the southeast quarter of legal subdivision ten (10) and the south half of the south half of legal subdivision nine (9), all in Section thirty-five (35) containing together one hundred and thirty (130) acres more or less, and Secondly, the northwest quarter of the north half of the southwest quarter of legal subdivision four (4), the southwest quarter and all that portion lying to the west of Belly River of the northwest quarter of legal subdivision five (5) and all that portion also lying west of Belly River in the south half of the southwest quarter of legal subdivision twelve (12), all in section thirty-six (36) containing together thirty (30) acres more or less. The lands herein comprised containing together one hundred and sixty (160) acres more or less,”

sometimes known as the “ Federal Coals property ”;

(b) all the goods and chattels upon or used in connection with the said property which the Davis Company owns.

30 (2) The said Donaldson hereby consents to the termination as of the 16th day of October, 1928, of the lease of the said Federal Coals property held by him and relinquishes and cancels all obligations in his favour in respect of the said property, including any obligations for machinery or expenditures made on the said property.

(3) The said transfers shall take effect as if they had been made on the 16th day of October, 1928, and the parties agree that all the operations, whether of the Davis Company or of the said Donaldson, upon and in connection with the said properties and the business carried on thereon and in connection therewith since the said 16th day of October, 1928, shall be for the account of the Cadillac Company and for its profit or loss, as the case may be.

(4) The Davis Company for the same consideration further agrees to advance by way of loan to the Cadillac Company for the purpose of being expended upon the Federal Coals property in order

Exhibits.

—
P-19 (b).
Agreements
between In-
corporated
Company,
Cadillac
Coal Co.,
Limited,
and Christ-
opher S.
Donaldson,
24th Febru-
ary 1929—
continued.

40

to improve the operating condition thereof, an amount not exceeding Fifteen Thousand Dollars (\$15,000) which amount shall be repaid to the Davis Company with interest at the rate of six per cent (6%) per annum from time to time out of the profits made by the Cadillac Company and to the extent of such profits.

Exhibits.

P-19 (b).
Agreements
between In-
corporated
Company,
Cadillac
Coal Co.,
Limited,
and Christ-
opher S.
Donaldson,
24th Febru-
ary 1929—
continued.

10 (5) The Davis Company further agrees to advance by way of loan to the Cadillac Company for the purpose of equipping the said properties and other coal properties of the Cadillac Company with machinery and appurtenances with a view to developing a production of at least two hundred (200) tons per day of coal, such sums as may be necessary for this purpose to an amount not exceeding in any event the sum of Fifty Thousand Dollars (\$50,000), and to advance from time to time by way of loan such working capital as may be necessary; such advances for the purpose of equipment and working capital to be secured by the delivery to the Davis Company as collateral security of 20-Year Seven Per Cent (7%) First Mortgage Gold Bonds of the Company of a par value in principal amount equal to the amount of the said advances.

20
30 (6) The Davis Company further agrees to investigate and if considered advisable (of which fact the officers of the Davis Company shall be the sole judge) acquire those certain sections or coal areas known as Sections 31 and 32, Township 10, Range 21, West of the Fourth Meridian, situate contiguous to Sections 29 and 30, and to transfer the said sections 31 and 32 when acquired to the Cadillac Company for and in consideration of the sum of One Hundred Thousand Dollars (\$100,000) to be paid to the Davis Company by the delivery to it of One Hundred Thousand Dollars (\$100,000) in face value of 20-Year First Mortgage Seven Per Cent (7%) Gold Bonds of the Cadillac Co.

40 (7) The said Donaldson hereby grants, assigns, sells, transfers and makes over unto the Cadillac Company all the right, title and interest which he has or may have in those certain lands or coal areas known and described as Sections 29 and 30, Township 10, Range 21, West of the Fourth Meridian, which are situate at or near the City of Lethbridge, Alberta, which right, title and interest the said Donaldson hereby covenants and agrees consists of,

(a) as to Section 29, his rights under an agreement of 25th June, 1927, between Alvin Kesler and the said Donaldson; and

(b) as to Section 30, his rights under an agreement between James Pest and Manfred Freeman and the said Donaldson of the September, 1927.

(8) The foregoing sales and transfers have been made by the Davis Company and the said Donaldson and the aforesaid undertakings given by them in consideration of,

(a) The sum of Four Hundred and Fifty Thousand Dollars (\$450,000) paid to the Davis Company by the Cadillac Company at the execution hereof, the receipt whereof is hereby acknowledged;

10 (b) Fifty Thousand Dollars (\$50,000) par value in principal amount of 20-Year First Mortgage Seven Per Cent (7%) Gold Bonds to be created and issued by the Cadillac Company, forming part of a total authorized issue of Five Hundred Thousand Dollars (\$500,000) which said bonds to be delivered to the Davis Company as aforesaid shall bear interest from the 1st day of January, 1930, and which said bonds the Cadillac Company agrees to deliver with all reasonable despatch to the Davis Company;

20 (c) The sum of Fifty Thousand Dollars (\$50,000) paid to the said Donaldson by the Cadillac Company at the execution hereof, the receipt whereof is hereby acknowledged; and

(d) One Hundred Thousand Dollars (\$100,000) par value in principal amount of 20-Year First Mortgage Seven Per Cent (7%) Gold Bonds, to be created and issued as aforesaid by the Cadillac Company, forming part of a total authorized issue of Five Hundred Thousand Dollars (\$500,000) and bearing interest as aforesaid, and which said bonds the Cadillac Company agrees to deliver with all reasonable despatch to the said Donaldson;

30

(9) The Davis Company and the said Donaldson expressly waive any privileges or liens to which they might be otherwise entitled securing the payment of any of the items of consideration referred to in sub-paragraphs (b) and (d) of Paragraph 8 hereof.

Exhibits.

—
P-19 (b).
Agreements
between In-
corporated
Company,
Cadillac
Coal Co.,
Limited,
and Christ-
opher S.
Donaldson,
24th Febru-
ary 1929—
continued.

(10) The Davis Company and the said Donaldson undertake and agree that they and each of them will from time to time hereafter and as often as required, but at the cost and expense of the Cadillac Company, make, do, execute and deliver all such further deeds, documents and instruments, and will do and perform all such other acts and things as the Cadillac Company may reasonably require to carry the present agreement into complete effect, and whether for the purpose of more effectually or completely vesting in the Cadillac Company the title of and the properties and rights hereby sold and transferred to it, or for the purpose of evidencing the title of the Cadillac Company thereto or for registration purposes or otherwise.

40

IN WITNESS WHEREOF the parties hereto have executed these presents on the date hereinabove firstly written.

Exhibits.

P-19 (b).
Agreements
between In-
corporated
Company,
Cadillac
Coal Co.,
Limited,
and Christ-
opher S.
Donaldson,
24th Febru-
ary 1929—
continued.

SIR MORTIMER DAVIS, INCORPORATED

SHAUGHNESSY
A. M. REAPER

In the Presence of:

P. YULE

10

CADILLAC COAL COMPANY, LIMITED

T. P. COCHRAN
A. M. REAPER

P. YULE

C. S. DONALDSON

W. KIRKWOOD

20

30

40

Exhibit Group No. 20: Re Oil, Coal, Nickel, Etc.

10

PLAINTIFFS' EXHIBIT P-74

SIR MORTIMER DAVIS INCORPORATED

P-74.
Expendi-
ture by the
Incor-
porated
Company,
on coal, oil
and nickel,
&c.,
\$57,389.22,
March 1928
—January
1930.

20

	PAID On Coal Lands (other than Cadillac Coal Co. Limited)	On Oil Leases	On Nickel Property	Chibou- gamou	Total
Mar. 22/28 to Sept. 30/28...	\$ 7,733.60	\$27,933.90	\$181.16	\$1,829.38	\$37,678.04
Oct. 1/28 to Sept. 30/29.....	5,347.11	8,927.86	211.72	4,910.50	19,397.19
	<u>13,080.71</u>	<u>36,861.76</u>	<u>392.88</u>	<u>6,739.88</u>	<u>57,075.23</u>
30 Oct. 1/29 to Jan. 30/30.....		58.05		255.94	313.99
	<u>\$13,080.71</u>	<u>\$36,919.81</u>	<u>\$392.88</u>	<u>\$6,995.82</u>	<u>\$57,389.22</u>

40

**Exhibit Group No. 21: Re Purchase of McNish Company,
and Listing of its Debentures**

DEFENDANTS' EXHIBIT D-82

Exhibits.
—
D-82.
Agreement
for purchase
of McNish
shares by
Canadian
Industrial
Alcohol Co.,
19th August
1927.

10 AN AGREEMENT made the nineteenth day of August, One thousand nine hundred and twenty-seven, BETWEEN GEORGE McNISH and JOHN McNISH (hereinafter jointly and severally referred to as " the Vendors " which expression shall wherever the context requires or admits include them and their respective heirs executors administrators and assigns) of the one part and CANADIAN INDUSTRIAL ALCOHOL LIMITED a Company incorporated under the laws of the Dominion of Canada (hereinafter referred to as " the Purchaser ") of the other part .

20 WHEREAS Robert McNish & Co. Limited (hereinafter referred to as " the Company ") is a company incorporated under the Companies Act of the United Kingdom having an authorised capital of Twenty thousand pounds divided into Ten thousand six per centum Cumulative Preference Shares and Ten thousand Ordinary Shares all of One pound each whereof up to date there have been issued Six thousand five hundred and twenty eight six per centum Cumulative Preference Shares and Ten thousand Ordinary Shares

30 AND WHEREAS the Vendors own or are in a position to procure transfers of not less than Five thousand eight hundred and seventy five of the said six per centum Cumulative Preference Shares and Nine thousand of the said Ordinary Shares

AND WHEREAS a balance sheet of the Company as at the First August One thousand nine hundred and twenty seven subject to audit and verification of assets is hereto annexed and marked " A "

NOW IT IS HEREBY AGREED as follows:

40 1. THE Vendors agree to sell and the Purchaser agrees to purchase Five thousand eight hundred and seventy five six per centum Cumulative Preference Shares of One pound each and Nine thousand Ordinary Shares of One pound each of the Company. The Purchaser shall be entitled to all dividends declared on the said shares or any of them in respect of any period subsequent to the First August One thousand nine hundred and twenty seven.

2. THE price to be paid by the Purchaser for the said shares shall be the sum of Fifty thousand one hundred and six pounds twelve shillings.

3. THE purchase shall be completed on or before the Thirtieth September One thousand nine hundred and twenty seven. On completion the Vendors shall deliver to the Purchaser or as the Purchaser shall direct duly executed and certified transfers in blank of the shares hereby agreed to be sold and the Purchaser shall thereupon pay to the Vendors or their order the said purchase consideration.

10 4. AT or before completion of the purchase the Vendors shall procure that the overdraft at present owing by the Company to its Bankers amounting approximately to Fifteen thousand four hundred and fifty one pounds four shillings and a penny shall be repaid without resort being had to any moneys or other assets of the Company and that all security provided by the Company held by the said Bankers in respect thereof shall be effectually surrendered to the Company free from any lien or encumbrance.

20 5. THE Vendors shall likewise procure that all stocks and other assets belonging to the Company which are not now in the physical possession of the Company shall be brought into the physical possession of the Company or that the Company shall be placed in possession of documents of title to the same in such form as will prove to the reasonable satisfaction of the Purchaser that the Company will be able to obtain delivery of such stocks and assets on demand and without any payment other than reasonable and proper charges for the storage thereof subsequent to the First August One thousand nine hundred and twenty seven and the duty (if any) payable thereon.

30 6. THE Vendors warrant to the Purchaser:

(a) That the stock in trade of the Company consists substantially of the items set out in the list hereto annexed and marked " B " and that each item shown in such list has a present market value at least equal to the sum placed against it in the said list.

(b) That the book debts and liabilities of the Company are substantially as shown in the Balance Sheet hereto annexed and marked " A ".

(c) That if it shall be found that at the expiration of six months from the completion of the purchase the Company has after using all reasonable means at its disposal collected in respect of the Bills receivable and sundry Debts standing in its books on the date of completion a sum less than the aggregate amount of these items as shown by the annexed Balance Sheet

they will on demand by the Purchaser at any time after the expiration of three months after the end of the said period of six months pay to the Purchaser the amount of the deficiency.

Exhibits.

D-82.

Agreement
for purchase
of McNish
shares by
Canadian
Industrial
Alcohol Co.,
19th August
1927—con-
tinued.

10

(d) That if it shall be found that the liabilities of the Company on the date of completion were in excess of the amount shown by the annexed balance sheet they will on demand by the Purchaser pay to the Purchaser the amount of the excess.

(e) That since the First August One thousand nine hundred and twenty seven (being the date of the last audited balance sheet of the Company) the business of the Company has been carried on in the ordinary and usual course and that no unusual contracts of any kind (including in particular contracts with Directors or employees) have been or will prior to completion be entered into by the Company.

20

(f) That since the same date no additional share capital has been issued or agreed to be issued and that none will be issued or agreed to be issued until the shares hereby agreed to be sold have been effectively transferred to the Purchaser.

(g) That since the same date no debentures have been issued nor any mortgage or charge created by the Company over any of its assets and that no debentures will be issued nor any mortgage or charge created until the shares hereby agreed to be sold have been effectively transferred as aforesaid.

30

(h) That since the same date no dividend or other distribution has been made in respect of the shares of the Company and that none such will be made until the shares hereby agreed to be sold have been transferred as aforesaid other than a dividend at the rate of six per centum on the issued preference shares of the Company declared prior to that date but not yet paid.

7. THE Vendors on behalf of themselves and their respective wives and the Purchaser respectively agree that neither they nor any one claiming through them will at any time make any claim against the Company for any dividend on its Preference Shares in respect of any period between the Thirtieth July One thousand nine hundred and ten and the First August One thousand nine hundred and twenty seven. The Vendors undertake and warrant that Mr. Thomas Logan will enter into a similar agreement in respect of the Fifty Preference Shares of the Company held by him.

8. IF within six months from the completion of the purchase hereby agreed to be made it shall be proved to the reasonable satisfaction of the Purchaser that the Company had on the First August One thousand nine hundred and twenty seven any stock in trade previously paid for by it but which was not included in the list hereto annexed and marked " B " the Purchaser shall pay to the Vendors by way of further consideration for the said shares a sum equal to Ninety per centum of the market value of such additional Stock in trade as at the First August One thousand nine hundred and twenty seven to be fixed (in default of agreement) by a Broker of repute on the Glasgow Market to be selected by the Auditors for the time being of the Company.

9. ON completion of the purchase the Vendors will agree without further consideration to the cancellation of all existing arrangements under which they now hold office as Directors and Managing Directors of the Company and will if so required by the Purchaser procure that all other (if any) the Directors of the Company shall resign. The Purchaser shall thereupon procure that each of the Vendors shall be appointed a Managing Director of the Company for a term of three years from First August One thousand nine hundred and twenty seven with a remuneration in each case at the rate of Two thousand pounds per annum plus reasonable travelling expenses incurred while engaged on the business of the Company and plus one and a half per centum on the nett earnings of the Company less all taxes and interest charges. The Vendors shall accept such appointment accordingly. The Purchaser warrants and undertakes that if during the said period of three years the Company shall go into liquidation and transfer its assets and undertaking to another Company such other Company shall in respect of the then unexpired portion of the said period of three years appoint the Vendors to be Managing Directors upon the terms above set forth.

10. INASMUCH as the Vendors are not in the purchase consideration payable to them hereunder receiving any payment for goodwill the Purchaser undertakes that on any increase or reorganization of the capital of the Company or on the transfer by the Company of its assets and undertaking to a company formed to acquire the same the Purchaser will without cost to the Vendors procure the allotment to the Vendors of so much of such increased or reorganized capital or of the capital of such new Company as will with any shares to which the holders of all shares of the Company not hereby agreed to be sold are otherwise entitled amount in nominal value to ten per centum of each class of shares forming the issued capital of the Company as so increased or reorganized or of the issued capital of such new Company (as the case may require).

Exhibits.

D-82.

Agreement
for purchase
of McNish
shares by
Canadian
Industrial
Alcohol Co.,
19th August
1927—con-
tinued.

IN WITNESS whereof these presents have been entered into the day and year first above written.

SIGNED by George McNish in the presence of:

ROBERT L.
At Chancery House,
London,
Solicitor.

G. McNISH

SIGNED by John McNish in the presence of:

ROBERT L.

JOHN McNISH

SIGNED by Lord Shaughnessy on behalf of Canadian Industrial Alcohol Limited in the presence of:

FRED H. E. BRANSON,
2 Bond Court E.C.
Solicitor.

For and on behalf of CANADIAN
INDUSTRIAL ALCOHOL LIMITED

SHAUGHNESSY
President.

Exhibits.

D-82.
Agreement
for purchase
of McNish
shares by
Canadian
Industrial
Alcohol Co.,
19th August
1927—*con-
tinued.*

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30

40

STATEMENT "A"

ROBERT McNISH & COMPANY LIMITED
APPROXIMATE BALANCE SHEET AS AT 1ST AUGUST, 1927

Exhibits.
D-82.
Agreement for purchase of McNish shares by Canadian Industrial Alcohol Co., 19th August 1927—continued.

LIABILITIES		ASSETS	
I—Mortgage on Property, 17/25 James Watt Street.....	£ 3,000 0 0	I—Properties:	
II—Sundry Creditors and Credit Balances:		Brown Street at Cost.....	£ 2,500 0 0
Purchase Ledger	£ 6,806 16 1	James Watt Street, Nos. 17/25, at Cost.....	5,609 10 0
Foreign Ledger	1,038 11 5	II—Plant and Machinery:	
Trade Ledger	45 1 4	James Watt Street at Cost.....	£ 965 10 0
Scotch Ledger	62 9 11	Brown Street as valued by Managing Director	50 0 0
General Ledger	301 4 6	III—Furniture:	
English Ledger	12 6	At 55 Washington Street, per Inventory and Valuation of Messrs. Robert McTear & Co., Ltd., Valutors, Glasgow.....	516 15 6
Sundry Charges Accrued.....	308 0 0	At James Watt Street, as valued by Managing Director	50 0 0
III—Amount due to Directors.....	8,562 15 9	IV—Stock in Trade, as valued by Managing Director	566 15 6
IV—Bills Payable	10,068 3 7	V—Bills Receivable	33,828 2 9
V—Preference Dividends Outstanding:	650 0 0	VI—Sundry Debtors and Debit Balances:	3,575 15 10
Amount unpaid for half year to 31st July, 1909	\$ 23 16 7	General Ledger	£24,265 14 0
Dividend for year ended 31st July, 1910, 1910, declared but not paid (net).....	313 7 0	Foreign Ledger	5,815 7 10
VI—Surplus of Assets over Liabilities.....		English Ledger	6 17 8
Made up as follows:		Scotch Ledger	34 11 4
Issued Share Capital:		Purchase Ledger	57 3 9
10,000 Ordinary Shares of £1 each, fully paid	£10,000	Sundry Debit Balances.....	20 8 2
6,528 Preference Shares of £1 each, fully paid.....	6,528	Dormant Debtors' Account.....	£30,200 2 9
General Reserve as at 31st January, 1927... Reserve for Bad and Doubtful Debts as at 31st January, 1927.....	\$16,528 0 0	Cash in Bank and on Hand.....	516 9 11
Bank of Scotland Overdraft at 1st August, 1927, excluded from Liabilities.....	10,000 0 0		30,716 12 8
Union Bank of Scotland Ltd. Overdraft at 1st August, 1927, excluded from Liabilities	1,000 0 0		479 15 8
Excess of Stock as valued at market price for purpose of Sale over Cost Price, as shown in the Trading Account.....	15,082 1 3		
Increase in value of Furniture, etc., on re-valuation	369 2 10		
Profit and Loss Account as at 31st January, 1927.....	7,600 2 10		
Less:	516 15 6		
Preference Dividend for year to 31st July, 1910, declared but not paid (net).....	£3,800 9 10		
Add:			
Net Profit for half year to 1st August, 1927	4,577 17 1		
	£55,673 19 6		

NOTE: There is a contingent liability in respect of Bills Discounted not yet due, amounting to £2,231 11 10.

Exhibits.

D-82.

Agreement for purchase of McNish shares by Canadian Industrial Alcohol Co., 19th August 1927—*continued.*

STATEMENT " B "

ROBERT McNISH & COMPANY LIMITED

STOCK 1ST AUGUST, 1927

Date of Bonding	Folio in Bond Book	Quantity	Market Price	Value	Where Stored
10		Summary of details of Whisky Stocks as per Statement " B " attached to and forming part of Agreement dated 19th August, 1927.....		£33,769 6 11	
		Add: Export Allowances.....		58 15 10	
				<u>£33,828 2 9</u>	

P-126 (a).
Circular letter to Shareholders of Canadian Industrial Alcohol re McNish Debentures, 28th September 1927.

PLAINTIFFS' EXHIBIT P-126 (a)

MONTREAL, 28th September, 1927.

20 TO THE SHAREHOLDERS:

DEAR SIR OR MADAM:—

After careful consideration, your Directors have decided that it is desirable to extend the Company's business throughout the world by the purchase of a controlling interest in a Scotch Whisky Company, and, in order to achieve this object, a controlling interest has been purchased in the old established whisky firm of Robert McNish & Company Limited, well known blenders and producers of Scotch Whisky for over seventy years.

30 In order to develop and expand the business of Robert McNish & Company Limited in a satisfactory manner, further capital will be required, and it is therefore proposed that that Company issue twenty year debenture stock to the extent of \$5,000,000.00 (\$5.00 par value each) bearing interest at the rate of 6% per annum and redeemable at the option of Robert McNish & Company Limited at any time after five years from the date of issue at a premium of 10% above par and to be guaranteed both as to principal and interest by Canadian Industrial Alcohol Company Limited, the earnings of which, after payment of its dividend, have in the past three years
40 been sufficient to pay this interest threefold.

Your Directors consider it appropriate that you should be given an opportunity to participate in this issue of debenture stock, as an investment coincident with your investment in Canadian Industrial Alcohol Company Limited, and subscriptions will therefore be received from shareholders of Canadian Industrial Alcohol Company Limited of record the 5th October, 1927, upon the following terms and conditions:—

1. The price to shareholders of Canadian Industrial Alcohol Company Limited will be \$4.50 for each \$5.00 debenture.

2. Subscription warrants in accordance with the herein contained conditions will in due course be mailed to shareholders of record at the close of business on 5th October, 1927, and must be received by the Crown Trust Company on or before the 15th November, 1927 (after which date the right to subscribe will expire) and must be accompanied by cash or an accepted cheque or money order payable to the order of Crown Trust Company, 233 St. James Street, Montreal, for \$1.50 for each debenture subscribed for.

3. You are entitled to subscribe for one debenture of Robert McNish & Company Limited for each share that you hold of the capital stock of Canadian Industrial Alcohol Company Limited, or for any lesser number of debentures of those to which you are entitled.

4. The acceptance of your subscription will be conditional upon your paying for the debentures as follows:—

- (a) \$1.50 for each debenture subscribed for with the subscription as indicated above.
- (b) \$1.00 more upon allotment for each debenture allotted to you.
- (c) \$1.00 more for each debenture allotted within 30 days after allotment.
- (d) Balance of \$1.00 for each debenture allotted within 60 days after allotment.

5. Debenture certificates will be sent to subscribers after payment of all instalments of the purchase price within the delays above indicated.

6. Interest will accrue on this debenture stock from 15th February, 1928, and will be paid quarterly, but in the event of any shareholder having paid in full for the amount of debentures allotted to him prior to 15th February, 1928, interest will accrue from date of payment.

7. In the event of failure to pay any of the instalments due after the first instalment on the date upon which such instalment is payable the Company may sell the debentures subscribed for by public or private sale without notice and apply the net proceeds to the payment of the amount still payable under the said subscription, accounting to the subscriber for any surplus. The subscriber to remain liable for any deficit.

Exhibits.

P-126 (a).
Circular
letter to
Share-
holders of
Canadian
Industrial
Alcohol re
McNish De-
bentures,
28th Sept-
ember 1927
—continued.

40

Exhibits.

P-126 (a).
Circular
letter to
Share-
holders of
Canadian
Industrial
Alcohol *re*
McNish De-
bentures,
28th Sept-
ember 1927
—*continued.*

— 493 —

It is important in your own interests that you fill out and sign the subscription form which will be mailed to you, and that you mail it with your first payment without delay so as to be received within the delays above indicated and you will then be informed in due course as to the allotments made.

Yours very truly,

10 For the Directors of Canadian Industrial Alcohol Company,
Limited,

SHAUGHNESSY,
President.

20

PLAINTIFFS' EXHIBIT P-126 (b)

Montreal, 7th October, 1927

To the Shareholders:

Dear Sir or Madam:—

30 The enclosed warrant to subscribe for debenture stock of Robert McNish & Company Limited is sent to you in accordance with circular letter dated 28th September, 1927, which, for your convenience, is reprinted herewith.

Your attention is particularly called to paragraph No. 2 of the terms and conditions of subscription. Cheques should be drawn in Montreal or Toronto funds; should be accepted and made payable to the Crown Trust Company.

40 In due course, after allotment, a negotiable certificate of subscription will be forwarded to you indicating payment of the first instalment.

Yours very truly,

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED,
J. GIBSON LAWRENCE,
Secretary.

P-126 (b).
Circular
letter to
Share-
holders of
Canadian
Industrial
Alcohol *re*
McNish De-
bentures,
7th October
1927.

PLAINTIFFS' EXHIBIT P-127

8th October, 1929.

To the Debenture Holders of
Robert McNish & Company, Limited.

Exhibits.
P-127.
Circular
letter from
Crown
Trust Co.
to McNish
Debenture
Holders,
8th October
1929.

10 In order to comply with the requirements of the Montreal Stock Exchange in connection with the list of the debentures of ROBERT McNISH & COMPANY, LIMITED, it is necessary to amend Condition 4 endorsed on the back of the Debenture Stock Certificate now held by you. Please forward your Certificate to the Crown Trust Company, 393 St. James St. West, Montreal, in exchange for which you will receive a new Debenture Stock Certificate, on the reverse side of which Clause 4 as amended will read as follows: "but if and so long as this stock be listed and dealt with on any recognized stock exchange by means of scrip commonly in use, endorsed in blank and transferable by delivery, such endorsement and delivery shall, excepting for the purpose of voting at meetings of the Company, constitute a valid transfer."

20 Kindly arrange to exchange your certificate without delay as the amended certificate ONLY will be good delivery on the Montreal Stock Exchange.

Yours very truly,

CROWN TRUST COMPANY,
J. G. McKAY,
Secretary.

30

DEFENDANTS' EXHIBIT D-83

ROBERT McNISH & COMPANY LIMITED

5th March, 1928.

D-83.
Letter
to J. G.
Lawrence
from S. W.
Parrot,
8th March
1928.

40 J. Gibson Lawrence, Esq.,
The Canadian Industrial Alcohol Co., Ltd.,
Canada Cement Building,
Montreal Que.,
Canada.

Dear Mr. Lawrence,

I am obliged for your letter of the 17th ult., enclosing your latest copy of the Debenture Certificate. In this connection I confirm my cable of the 2nd inst., which reads as follows:—

“Your letter seventeenth February re debentures certificate well in hand Sir Mortimer not anxious his name appear therefore vice chairman will be engraved with Colonel McNishs signature word seal being replaced with dates ordering ten thousand and doing all possible to rush first deliveries as received from engravers situation here regarding certificate generally now clear.”

“PARROT.”

- 10 I do not think you should have any fear of any misunderstanding personally regarding the various trials and troubles we have had in getting these Certificates approved and printed.

First of all let me point out that one of the most difficult situations in the world arose primarily because there were three angles to the situation, namely Scotch Law, English Stock Exchange Listing, and a floatation being in currency to be applicable to Canadian Trading. It seemed for at least two or three months that what pleased one Law did not please the other, and most of the delay has
20 been caused in having the Registrar of Joint Stock Companies in Edinburgh agree to our views.

Sir Mortimer also raised the question of delay with us, and in explanation we sent him the following cable:—

30 “The Canadian form certificate is not suitable because first it describes the Debenture stock as part of the authorised capital of company. Whereas it is loan capital in the same way as if it were bonds. Second, it is contrary to practice of companies under English acts to divide debenture stock into shares. However London stock exchange will probably object to list certificates because by speaking of shares of stock it implies to English minds that the stock is capital stock, and they will consider it misleading. If condition that stock must qualify for listing in London is waived, Canadian certificate with minor alterations can be used. Alternative is certificate stating that the registered holder owns say 500 dollars of this stock, and that the stock is transferable in multiples of 5 dollars. This form would be acceptable here.”

40 The whole crux of the situation seems to have been, this I heard from Mr. Branson, that certain features surrounding the issuing of these Debentures in currency were taken for granted in the primary discussion that Mr. Branson had with Lord Shaughnessy. It is apparent now, that some ideas were probably not discussed, and therefore both Lord Shaughnessy and Mr. Branson must have been working on opposite lines.

Exhibits.

—
D-83.
Letter
to J. G.
Lawrence
from S. W.
Parrot,
8th March
1928—con-
tinued.

Then again the requirements of the London Stock Exchange are not ordinary ones, and the question of trading on the London Market and the Form of Certificate that would be acceptable over here, was one that caused us an immense amount of worry.

However, as advised you in my cable, I am glad to say that the Certificates are now well under way, and we hope to be able to forward you the first printing as soon as they are received from the engravers.

- 10 I note that Mr. Turnbull has taken the opportunity of having a long chat to you, and that he has intimated the many obstacles that we have been up against.

We all believe that things are straightening out, and that in a very short while we will be all sailing along smoothly.

Thanks for your kind regards, and best wishes which everybody here reciprocates,

Yours very sincerely,

20

S. W. PARROTT.

P.S.—We enclose herewith letter for Mr. S. G. Turnbull, which please hand over.

DEFENDANTS' EXHIBIT D-84

LONDON, 21st March 1928

30

J. Gibons Lawrence, Esq.
The Canadian Industrial Alcohol Co. Ltd.,
Canada Cement Building,
Montreal, Que.
Canada

Dear Mr. Lawrence,

- 40 We have pleasure in enclosing proof of the front pull of our Debenture Certificate, the finished proof containing the back wording is not yet to hand, although I have seen a rough copy.

We believe the engravers have made an excellent job of this, and at the moment we are quite satisfied. I am sending you this along just for your own information.

We are having these Certificates sealed and signed before sending them to you. I might mention that it would be necessary for us to

Exhibits.

—
D-83.

Letter
to J. G.
Lawrence
from S. W.
Parrot,
8th March
1928—con-
tinued.

D-84.
Letter
to J. G.
Lawrence
from S. W.
Parrot,
21st March
1928.

Exhibits.

D-84.

Letter
to J. G.
Lawrence
from S. W.
Parrot,
21st March
1928—con-
tinued.

appoint several Assistant Secretaries in order to complete the signing at an early date, and this will explain the various signatures that you may observe when you receive them.

Mr. Branson of Linklaters & Pains is cabling to Canada, I understand to-day, to have the Trust Deed amended, so that the signature of one Director and Secretary or Assistant Secretary is all that is required to authenticate these Certificates.

Kindly acknowledge safe receipt and oblige.

10

Kind regards.

Yours very truly,

S. W. PARROTT.

DEFENDANTS' EXHIBIT D-85

20

MONTREAL, June 19th, 1928.

J. Gibson Lawrence, Esq.,
Canadian Industrial Alcohol Co. Ltd.,
Canada Cement Bldg.,
Montreal, P.Q.

Dear Sir,

D-85.
Letter
to J. G.
Lawrence
from R. A.
Allen,
19th June
1928.

30

Enclosed herewith, you will find draft of Listing Application of Robert McNish & Company, Limited, with reference to the listing of its Guaranteed Debenture Stock on the Montreal Stock Exchange.

If the enclosed is completed, I am more or less certain that it will be acceptable to the Listing Committee of the Montreal Stock Exchange. It will, however, be necessary to furnish the following:—

40

- (a) Copy of Agreement of date 21st and 25th December, 1907, with reference to the acquisition of the business of Robert McNish & Company by Robert McNish & Company, Limited.
- (b) Copy of Deed of Covenant and Trust between Robert McNish & Company, Limited, Canadian Industrial Alcohol Company Limited and Crown Trust Company.
- (c) A certified list of the holders of Debenture Stock similar to a shareholders' list.

There may possibly be other documents required, but at the

Exhibits.

D-85.

Letter
to J. G.
Lawrence
from R. A.
Allen,
19th June
1928—*con-
tinued.*

— 498 —

present time the above will enable me to complete the application and have it considered by the Listing Committee of the Exchange.

Yours truly,

RALPH E. ALLAN.

REA:GR
Encl.

10

DEFENDANTS' EXHIBIT D-86

Listing No. —

The Committee on Stock List
Montreal Stock Exchange

20

ROBERT McNISH & COMPANY LIMITED

(Incorporated 20th January, 1908, under the British Companies Acts, 1908 to 1917)

DEBENTURE STOCK

30

Montreal, 15th June, 1928

D-86.
Draft appli-
cation for
listing of
McNish
debentures,
15th June
1928.

Robert McNish & Company Limited hereby makes application to have listed on the Montreal Stock Exchange Five Million Dollars (\$5,000,000.00) par value (total authorized issue) of its Twenty-Year Six Per Cent Debenture Stock, consisting of One Million (1,000,000) Shares of the par value of Five Dollars (\$5) each or its equivalent in Sterling at the fixed Exchange of \$4.86 to the £ Sterling, all of which are issued and outstanding in the hands of the public.

All of said stock is fully paid and non-assessable, and no personal liability attaches to shareholders.

The Company was incorporated 20th January, 1908, by Articles of Association issued under The British Companies Acts, 1908 to 1917, with an authorized capital of Twenty Thousand Pounds (£20,000) divided into Ten Thousand (10,000) Six Per Cent Cumu-

40

lative Preference Shares and Ten Thousand (10,000) Ordinary Shares, all of One Pound (£) each.

The duration of the Articles of Association is perpetual.

The Company, in accordance with the terms of its Articles of Association, is engaged in the manufacture and sale of spirits, a certified copy of which is filed with this application.

10 Robert McNish & Company Limited (the Applying Company), was incorporated for the purpose of acquiring as a going concern the business carried on under the firm name of Messrs. Robert McNish & Company, wholesale wine and spirits merchants, bonded warehouse proprietors and bonded store keepers, 55 Washington Street, Glasgow, 4 Savage Gardens, Trinity Square, London, E.C., and elsewhere, together with the whole assets and liabilities of said business, and under date of 20th January, 1908, the Applying Company did acquire the undertaking, assets and liabilities of the old Company.

20

Listing No. —

Committee on Stock List
Montreal Stock Exchange

ROBERT McNISH & COMPANY, LIMITED

(Incorporated 20th January, 1908, under The British Companies Acts, 1908 to 1917.)

20-YEAR 6% GUARANTEED DEBENTURE STOCK
(Transferable in Montreal, Canada)

30

CAPITAL SECURITIES AS OF 15TH JUNE, 1928

Stocks	Par Value	Authorized by Charter	SHARES		Outstanding
			Authorized for Issuance	Amount Listed	
6% Cumulative Preference Shares..	£1	10,000	.....	None	.....
Common Shares..	£1	10,000	.....	None	.....

Exhibits.

D-86.
Draft application for listing of McNish debentures, 15th June 1928—continued.

40

FUNDED DEBT

	Rate of Interest	Value	Amount Authorized for Issuance	Amount Listed	Outstanding
20-Year Guaranteed Debenture Stock (Due 15th Feb., 1948)*	6%	\$5.00	\$5,000,000	None	\$5,000,000

*The payment by the Company of the principal, premiums and interest of the 20-Year 6% Guaranteed Debenture Stock is unconditionally guaranteed by Canadian Industrial Alcohol Company, Limited.

Glasgow, Scotland, 15th June, 1928

ROBERT McNISH & COMPANY, LIMITED, (the Applying Company) hereby makes application to have listed on the MONTREAL STOCK EXCHANGE,—

Exhibits.
D-86.
Draft appli-
cation for
listing of
McNish
debentures,
15th June
1928—con-

10 1,000,000 shares of 6% 20-Year Guaranteed Debenture Stock (total authorized issue), of the par value of \$5.00 each or its equivalent in sterling at the fixed rate of exchange of \$4.86 to the pound sterling.

All of the said Debenture Stock is issued and is fully paid and non-assessable, and no personal liability attaches to the holders.

The duration of the Charter is perpetual.

20 THE FOLLOWING CONDITIONS ATTACH TO THE \$5,000,000
6% 20-YEAR GUARANTEED DEBENTURE STOCK:

30 1. The Stock is repayable on the 15th day of February, 1948, or on such earlier date as the principal of the Stock shall become payable under the provisions of the within mentioned Deed of Covenant and Trust. The principal of the Stock and the premium (if any) payable thereon shall be payable at the option of the Stockholders either in Canadian dollars in Montreal, Canada, or in sterling in Glasgow, Scotland, at the fixed rate of exchange of \$4.86 to the pound sterling.

40 2. The Company may on or at any time after the 15th day of February, 1933, redeem the whole or any part (to be selected by drawings as provided by the said Deed) of the Stock at a premium of 10 per cent upon giving to the holders of the Stock to be redeemed not less than three months' previous notice of its intention so to do. The Stock is also repayable at the like premium of 10 per cent in the event of the same becoming repayable by reason of the Company going into voluntary liquidation at any time before the 15th day of February, 1948.

3. The Stock to which the certificate relates is registered on the register kept by the Company at its office or agency in Montreal, Canada, and is transferable only on that register.

4. The Company will recognize the registered holder of any Stock as the absolute owner thereof and shall not be bound to take

notice or see to the execution of any trust, whether express, implied or constructive, to which any Stock may be subject, and the receipt of the registered holder for the time being of any Stock for the interest from time to time accruing due in respect thereof or for any other moneys payable in respect thereof shall be a good discharge to the Company notwithstanding any notice it may have, whether express or otherwise, of the right, title, interest or claim of any other person to or in such Stock, interest or moneys.

10 5. The executors or administrators of a deceased registered holder of Stock (not being one of several joint holders) and in the case of the decease of one or more of several joint holders the survivor or survivors of such joint holders shall be the only persons recognized by the Company as having any title to such Stock.

20 6. The interest upon the Stock may be paid by cheque sent through the post to the registered address of the holder or in the case of joint holders to the registered address of that one of the joint holders who is first named on the register or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque shall be made payable to the order of the person to whom it is sent and payment of the cheque, if purporting to be duly endorsed, shall be a satisfaction of the interest.

30 7. If several persons are entered in the register as joint holders of any stock then without prejudice to the last preceding clause the receipt of any one of such persons for the interest from time to time payable in respect of such Stock shall be as effective a discharge to the Company as if the person signing such receipt were the sole registered holder of such Stock.

HISTORY

40 Under date of 20th January, 1908, Robert McNish & Company, Limited (the Applying Company), was incorporated under The British Companies Acts, 1908 to 1917, to, among other things, purchase and acquire as a going concern the business then carried on under the firm name of Robert McNish & Company, wholesale wine and spirit merchants, bonded warehouse proprietors and bonded store-keepers, 55 Washington Street, Glasgow, 4 Savage Gardens, Trinity Square, London, E.C., and elsewhere, together with the whole assets and liabilities of said business and to continue and develop to the same, and for that purpose to adopt and carry into effect (either with or without modification) an agreement dated the 21st and 25th days of December, 1907, entered into between the firm of Robert McNish & Company and John McNish and George

Exhibits.
—
D-86.
Draft application for listing of McNish debentures, 15th June 1928—continued.

McNish, the individual partners thereof, on the one part, and Robert Tennent, writer, Glasgow, for and on behalf of the Company, on the other part, and in consideration therefor, the Applying Company paid

Exhibits.

D-86.
Draft application for listing of McNish debentures, 15th June 1928—continued.

10 The business of Robert McNish & Company as acquired by the Applying Company was originally established in the year 1885 by Robert McNish and incorporated in the year 1908 with an authorized capital of £20,000, divided into 10,000 shares of £1 each, bearing a cumulative preferential dividend at the rate of £6 per annum and ranking in priority of payment of capital and dividend over ordinary shares, and 10,000 ordinary shares of £1 each; with power to increase capital.

BUSINESS OF THE COMPANY.

20 The Applying Company's business is principally that of the manufacture and sale of wines, spirits, ales and beers, the principal spirit manufactured being that known as "McNish's Special Scotch Whisky."

AUTHORITY FOR ISSUE OF DEBENTURE STOCK

Extract from Articles of Association:

30 "The Directors may exercise all the powers of the Company to borrow money on such terms and conditions as they may think fit, and in particular by the creation and issue of debentures, or debenture stock or other obligations of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party, and in security of money so borrowed may mortgage, pledge or charge all or any part of the property, assets and rights of the Company, including the uncalled capital, and may convey any land or property of the Company to Trustees or otherwise, and may grant and execute cash, credit bonds, bonds and dispositions in security, conveyances and all other necessary deeds and writings for securing and completing such loans,
40 provided that the amount for the time being remaining undischarged of monies borrowed by the Directors for the purpose of the Company shall not at any time, without the sanction of the Company in General Meeting, exceed in aggregate the sum of £2,000,000, but any debt incurred or security given in respect of monies borrowed in excess of the limit hereby imposed shall not be invalid or ineffectual except in the case of express notice at the time that the debt was incurred or security given that this limit hereby

imposed had been exceeded; and in computing the amount from time to time borrowed, trade credits on purchases or trade advances from bankers, brokers, or others, or advances upon goods, bills or other assets obtained in the ordinary course of business shall not be included.”

Extract from Minutes of Directors of date 27th September, 1927:

10 “The Directors hereby instruct the issue in Canada of \$5,000,000 Debenture Stock bearing interest at 6% at a price of 90 per cent to Shareholders in Canadian Industrial Alcohol, Limited, and repayable in twenty years, the issue being guaranteed as to both principal and interest by the Canadian Industrial Alcohol, Limited, with the option to redeem at any time after five years from date of issue at a premium of 10% above par and hereby authorize Canadian Industrial Alcohol, Limited, to carry out said issue.

20 They also agree that the National Trust Company, Limited, Montreal, shall be the Registrars and the Crown Trust Company shall be the Transfer Agents in Montreal for the said Debenture issue and authorize the execution of the necessary documents for the formal appointments of these Companies, provided Mr. George McNish is satisfied with the terms of said appointments.”

PURPOSE OF ISSUE OF DEBENTURE STOCK

DESCRIPTION OF 6% 20-YEAR GUARANTEED 30 DEBENTURE STOCK

(Here insert necessary information to be obtained from Deed of Covenant and Trust between Robert McNish & Company, Limited, Canadian Industrial Alcohol Company, Limited, and Crown Trust Company.)

REDEMPTION

Exhibits.

—
D-86.

Draft application for listing of McNish debentures, 15th June 1928—continued.

40

PRODUCTION

The following table gives the actual production and value of total sales of the Applying Company for the last five years, namely, 1923 to 1927 inclusive:

(Here insert necessary information.)

EARNINGS

The net earnings of the Applying Company, after providing for depreciation, etc., for the last five years, namely, 1923 to 1927 inclusive, were as follows:—

Exhibits.

D-86.
Draft application for listing of McNish debentures, 15th June 1928—continued.

BALANCE SHEET AS AT

10

PROFITS AND LOSS ACCOUNT AS AT

GENERAL

- 20 The fiscal year of the Company ends on the —
The General Meeting of the Company is held in every year at such time, (within a period of not more than fifteen months after the holding of the last preceding General Meeting), and such place as may be determined by the Directors.

The principal office of the Company is situate at

The Directors (elected) are:—

- 30 The Officers (elected) are:—

The Trustee and Transfer Agent is Crown Trust Company, Montreal, Canada.

The Registrar is National Trust Company, Limited, Montreal, Canada.

ROBERT McNISH & COMPANY, LIMITED.

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DEFENDANTS' EXHIBIT D-87

LISTING NO. C-804

Committee on Stock List
Montreal Stock Exchange

Exhibits.
D-87.
Final appli-
cation for
listing of
McNish
debentures,

10 ROBERT McNISH & COMPANY, LIMITED
(Incorporated 20th January, 1908, under The British Companies
Act, 1908)

20-YEAR 6% GUARANTEED (REDEEMABLE) DEBENTURE STOCK
(Certificates transferable in Montreal, Canada)

ORIGINAL LISTING:

Amount authorized \$5,000,000
Amount outstanding 4,444,665
20 Total listing applied for 4,444,665

Authorized by Directors, 27th September, 1927.
Confirmed by Shareholders, 30th December, 1927.
No other authority required.

CAPITAL SECURITIES AS OF 1st JUNE, 1929

STOCKS	Par Value	SHARES		Amount Listed	Outstanding
		Authorized by Charter	Authorized for Issuance		
6% Cumulative Preference					
30 Shares	£1	10,000	10,000	None	10,000
Shares	£1	10,000	6,528	None	6,528
FUNDED DEBT	Rate of Interest	Par Value	Amount Authorized for Issuance	Amount Listed	Outstanding
20-Year Guaranteed (Redeemable) Debenture Stock (due 15th February, 1948)*	6%	\$5.00	\$5,000,000	None	\$4,444,665

*The payment by the Company of the principal, premiums and interest of the 20-Year 6% Guaranteed (Redeemable) Debenture Stock is unconditionally guaranteed by Canadian Industrial Alcohol Company, Limited.

Glasgow, Scotland, 1st June, 1929

40 ROBERT McNISH & COMPANY, LIMITED (hereinafter sometimes referred to as the "Applying Company"), hereby makes application to have listed on the MONTREAL STOCK EXCHANGE:—

\$4,444,665 principal amount of 6% 20-Year Guaranteed (Redeemable) Debenture Stock (of a total authorized issue of \$5,000,000).

All of the said Debenture Stock is issued and is fully paid and non-assessable, and no personal liability attaches to the holders.

The duration of the Charter is perpetual.

ORGANIZATION

Exhibits.
—
D-87.
Final appli-
cation for
listing of
McNish
debentures
—continued.

10 Robert McNish & Company, Limited, was incorporated and organized under the provisions of The British Companies Acts, 1908 to 1917, its head office being situated in Glasgow, Scotland. As a consequence of its incorporation and organization, the Company is governed by the terms of The British Companies Acts, 1908 to 1917.

THE FOLLOWING CONDITIONS ENDORSED ON THE CERTIFICATES ATTACH TO THE \$5,000,000 6% 20-YEAR GUARANTEED (REDEEMABLE) DEBENTURE STOCK:

20 1. The Stock is repayable on the 15th day of February, 1948, or on such earlier date as the principal of the Stock shall become payable under the provisions of the within mentioned Deed of Covenant and Trust. The principal of the Stock and the premium (if any) payable thereon shall be payable at the option of the Stockholders either in Canadian dollars in Montreal, Canada, or in sterling in Glasgow, Scotland, at the fixed rate of exchange of \$4.86 to the £ sterling.

30 2. The Company may on or at any time after the 15th day of February, 1933, redeem the whole or any part (to be selected by drawings as provided by the said Deed) of the Stock at a premium of 10 per cent, upon giving to the holders of the Stock to be redeemed not less than three months' previous notice of its intention so to do. The Stock is also repayable at the like premium of 10 per cent in the event of the same becoming repayable by reason of the Company going into voluntary liquidation at any time before the 15th day of February, 1948.

40 3. The Stock to which the certificate relates is registered on the register kept by the Company at its office or agency in Montreal, Canada, and is transferable only on that register.

4. The Company will recognise the registered holder of any Stock as the absolute owner thereof and shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Stock may be subject and the receipt of the registered holder for the time being of any Stock for the interest from time to time accruing due in respect thereof or for any other

moneys payable in respect thereof shall be a good discharge to the Company notwithstanding any notice it may have whether express or otherwise of the right, title, interest or claim of any other person to or in such Stock interest or moneys, but if and so long as this Stock be listed and dealt with on any recognized stock exchange by means of scrip, commonly in use endorsed in blank and transferable by delivery, such endorsement and delivery shall, excepting for the purpose of voting at meetings of the Company, constitute a valid transfer.

10

5. The executors or administrators of a deceased registered holder of Stock (not being one of several joint holders) and in the case of the decease of one or more of several joint holders the survivor or survivors of such joint holders shall be the only persons recognised by the Company as having any title to such Stock.

20

6. The interest upon the Stock may be paid by cheque sent through the post to the registered address of the holder or in the case of joint holders to the registered address of that one of the joint holders who is first named on the register or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque shall be made payable to the order of the person to whom it is sent and payment of the cheque if purporting to be duly endorsed shall be a satisfaction of the interest.

30

7. If several persons are entered in the register as joint holders of any stock then without prejudice to the last preceding clause the receipt of any of such persons for the interest from time to time payable in respect of such Stock shall be as effective a discharge to the Company as if the person signing such receipt were the sole registered holder of such Stock.

HISTORY

40

Under date of 20th January, 1908, Robert McNish & Company, Limited (the Applying Company) was incorporated under The British Companies Act, 1908 to 1917, to, among other things, purchase and acquire as a going concern the business then carried on under the firm name of Robert McNish and Company in Glasgow and elsewhere in the United Kingdom, wholesale wine and spirit merchants, bonded warehouse proprietors and bonded store-keepers, 55 Washington Street, Glasgow, and 4 Savage Gardens, Trinity Square, London, E.C., together with the whole assets and liabilities of said business, excepting any claims that may arise in respect of the Estate of Robert McNish, formerly a partner of said Robert McNish and Company, and to continue and develop the same, and for that pur-

Exhibits.

—
D-87.

Final application for listing of McNish debentures
—continued.

pose to adopt and carry into effect (either with or without modification) an agreement dated the 21st day of December, 1907, entered into between the firm of Robert McNish and Company and John McNish and George McNish, the individual partners thereof, on the one part, and Robert Tennent, writer, Glasgow, for and on behalf of a Company to be incorporated (the Applying Company) on the other part, and in consideration therefor, the Applying Company allotted to the said John McNish and George McNish,

Exhibits.

D-87.
Final application for listing of McNish debentures
—continued.

- 10 (a) 10,000 Ordinary Shares of a par value of £1 each; and
(b) 2,000 Preference Shares of a par value of £1 each.

20 The business of Robert McNish & Company as acquired by the Applying Company was originally established in the year 1855 by Robert McNish and incorporated in the year 1908 with an authorized capital of £20,000 divided into 10,000 shares of £1 each, bearing a cumulative preferential dividend at the rate of £6 per annum and ranking in priority of payment of capital and dividend over Ordinary Shares, and 10,000 Ordinary Shares of £1 each; with power to increase capital.

90% of the authorized and issued Preference and Ordinary Shares of Robert McNish & Company, Limited, are owned by Canadian Industrial Alcohol Company, Limited.

BUSINESS OF THE COMPANY

- 30 The Applying Company's business is principally that of the manufacture and sale of wines and spirits, the principal spirit manufactured being that known as "McNish's Special Scotch Whisky."

AUTHORITY FOR ISSUE OF DEBENTURE STOCK

Extract from Articles of Association:

- 40 "The Directors may exercise all the powers of the Company to borrow money on such terms and conditions as they may think fit, and in particular by the creation and issue of debentures, or debenture stock or other obligations of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or any third party, and in security of money so borrowed may mortgage, pledge or charge all or any part of the property, assets and rights of the Company, including the uncalled capital, and may convey any land or property of the Company to Trustees or otherwise, and may grant and execute cash, credit bonds, bonds and dispositions in security, conveyances and all other necessary deeds and

writings for securing and completing such loans, provided that the amount for the time being remaining undischarged of monies borrowed by the Directors for the purposes of the Company shall not at any time, without the sanction of the Company in General Meeting, exceed in aggregate the sum of £2,000,000, but any debt incurred or security given in respect of monies borrowed in excess of the limit hereby imposed shall not be invalid or ineffectual except in the case of express notice at the time that the debt was incurred or security given that this limit hereby imposed had been exceeded; and in computing the amount from time to time borrowed, trade credits on purchases or trade advances from Bankers, Brokers, or others, or advances upon goods, bills or other assets obtained in the ordinary course of business shall not be included.”

Extract from Minutes of Directors of date 27th September, 1927:

“The Directors hereby instruct the issue in Canada of \$5,000,000 Debenture Stock bearing interest at 6% at a price of 90 per cent. to Shareholders in Canadian Industrial Alcohol Company, Limited, and repayable in twenty years, the issue being guaranteed as to both principal and interest by Canadian Industrial Alcohol Company, Limited, with the option to redeem at any time after five years from date of issue at a premium of 10% above par and hereby authorise Canadian Industrial Alcohol Company, Limited, to carry out said issue.

They also agree that the National Trust Company, Limited, Montreal, shall be the Registrars and The Crown Trust Company shall be the Transfer Agents in Montreal for said Debenture issue and authorise the execution of the necessary documents for the formal appointments of these Companies provided Mr. George McNish is satisfied with the terms of said appointments.”

PURPOSE OF ISSUE OF DEBENTURE STOCK

In order to develop and expand the business of Robert McNish & Company Limited.

DESCRIPTION OF 6% 20-YEAR (REDEEMABLE) GUARANTEED DEBENTURE STOCK

The principal amount of 6% 20-Year Guaranteed Debenture Stock is limited to \$5,000,000 Canadian Currency or its equivalent in sterling at the fixed rate of exchange of \$4.86 to the £1 Sterling. The Company is entitled on or at any time after the 15th FEBRUARY, 1933, to redeem the whole or any part of the Stock at a premium of 10% upon giving to the holders of the Stock to be redeemed not less

Exhibits.

D-87.
Final application for listing of McNish debentures
—continued.

40

than three months' previous notice of its intention so to do and at the expiration of such notice the Company shall be entitled and bound to pay off the stock in respect whereof such notice has been given at such premium as aforesaid together with any interest that shall have accrued thereon. Provided that in the event of the Company at any time determining to redeem a part only of the Stock for the time being outstanding the particular Stock to be redeemed shall be selected by a drawing. And provided also that in the event of the Stock becoming repayable at any time before the 15th day of February, 1948, by reason of the Company going into voluntary liquidation the Stock shall be repayable at the like premium of 10 per cent. as if it had become repayable by reason of a notice given by the Company under this clause.

Stock is repayable on the 15th day of February, 1948, and is transferable at the office of The Crown Trust Company, Montreal, the Transfer Agent. Interest is payable by cheque sent through the Post to the registered address of the holder.

Exhibits.

D-87.

Final application for listing of McNish debentures
—continued.

10

20 PAYMENT OF INTEREST ON DEBENTURE STOCK

The interest at the rate of 6% per annum on the 20-Year 6% Guaranteed (Redeemable) Debenture Stock is payable quarterly on the 1st day of March, June, September and December to Shareholders of record at the close of business on the 15th day of February, May, August and November, respectively.

PRODUCTION

30 The quantities and values of production of Robert McNish & Company, Limited, for the year ending 1925 to September 30th, 1928, were as follows:—

	Quantities	Values
1925	49,423 cases	£149,381
1926	34,723 cases	121,150
8 months to 30th Sept., 1927.....	22,996 cases	89,348
30th Sept., 1928.....	72,922 cases	108,184

EARNINGS

40 The net earnings of the Applying Company, after providing for depreciation, etc., for the year ending 1925 to September 30th, 1928, were as follows:—

1925	£ 8,537
1926	3,282
8 months to 30th Sept., 1927.....	798
30th September, 1928.....	94,377 Deficit

ROBERT McNISH & COMPANY, LIMITED

BALANCE SHEET AS AT 30th SEPTEMBER, 1928

Authorized Capital:				
	10,000 6% Cumulative Preference Shares of £1 each.....	£	10,000	0 0
	10,000 Ordinary Shares of £1 each.....		10,000	0 0
			<u>20,000</u>	<u>0 0</u>
Issued Capital:				
	6,528 6% Cumulative Preference Shares of £1 each, fully paid		6,528	0 0
	10,000 Ordinary Shares of £1 each, fully paid.....		10,000	0 0
			<u>16,528</u>	<u>0 0</u>
10	6% Guaranteed Debenture Stock:			£ 16,528 0 0
	(Guaranteed by Canadian Industrial Alcohol Company, Ltd., and repayable in 1948 at par, or in the event of liquidation before that date, or at the option of the Company after the 15th February, 1933, at a premium of 10%).			
	\$4,444,665 converted at \$4.86 to the £.....		914,540	2 6
	Interest accrued to date.....		6,859	1 0
			<u>921,399</u>	<u>3 6</u>
Creditors and Credit Balances:				
	Trade Creditors		13,511	13 4
	Sundry Creditors and Credit Balances.....		10,804	7 9
	Amount due to Directors on Loan Account.....		2,325	3 10
			<u>26,641</u>	<u>4 11</u>
Amounts due to Associated Companies:				
20	Canadian Industrial Alcohol Company, Ltd.....		13,799	12 4
	J. M. Douglas & Co., Ltd.....		5,518	5 3
			<u>19,317</u>	<u>17 7</u>
	Contingent Liability on Bills Negotiated.....		755	16 2
			<u>£983,886</u>	<u>6 0</u>
Heritable Property at cost:				
	11/19 Brown Street, Glasgow.....		2,500	0 0
	17/25 James Watt Street, Glasgow.....		5,609	10 0
			<u>£ 8,109</u>	<u>10 0</u>
Furniture, Fittings and cost of Office Decorations as at 30th September, 1927			100	0 0
	Additions during the year.....		3,077	3 1
			<u>3,177</u>	<u>3 1</u>
30	Plant and Machinery as at 30th September, 1927.....		965	10 0
	Additions during the year.....		57	6 2
			<u>1,022</u>	<u>16 2</u>
	Motor Vehicles at cost.....			403 9 3
Investment in Subsidiary Company:				
	Robert McNish (France) S.A. at cost.....		8,071	0 6
	Less: Reserve for trading loss to date.....		2,500	0 0
			<u>5,571</u>	<u>0 6</u>
Amounts due from Associated Companies:				
	Consolidated Distilleries Ltd., Current Account.....		12,270	14 10
	“ “ Goods Account		1,856	8 9
	Robert McNish (France) S.A.....		193	7 1
			<u>14,320</u>	<u>10 8</u>
	Stock-in-Trade			557,000 9 10
	Bills Receivable			2,206 17 4
40	Debtors and Debit Balances:			
	Trade Debtors		44,184	15 4
	Sundry Debtors and Debit Balances.....		19,347	15 1
	Amounts due by Directors, viz:			
	Trade Accounts	£	3,713	8 5
	Distillery Stock rents.....		552	5 5
	Loan Accounts		616	8 9
			<u>4,882</u>	<u>2 7</u>
			<u>68,414</u>	<u>13 0</u>
	Less: Reserve for Doubtful Debts.....		1,000	0 0
			<u>67,414</u>	<u>13 0</u>

Exhibits.

D-87.
Final application for listing of McNish debentures
—continued.

Cash in Hand and at Bankers.....		138,768 15 5
Discount on Debentures.....		91,454 0 3
Expenses of Debenture Issue.....		4,681 14 2
Profit and Loss Account:		
Loss for the year ended 30th September, 1928.....	119,811 19 11	
Less: Balance brought forward from last year...£	4,598 6 8	
Transfer from General Reserve.....	10,000 0 0	
Transfer from Special Reserve.....	15,458 6 11	
	<hr/>	
	30,056 13 7	
		<hr/>
		89,755 6 4
		<hr/>
		£983,886 6 0
		<hr/>

Exhibits.

D-87.
Final application for listing of McNish debentures
—continued.

10

(Signed)
SHAUGHNESSY, Director.
G. McNISH, Director.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF ROBERT McNISH & COMPANY, LIMITED

We have audited the above Balance Sheet dated the 30th September, 1928, and have obtained all the information and explanations we have required.

The interest on the Debentures has been paid to the Stockholders without deduction of Income Tax and no reserve has been made in the Accounts for any possible liability to the Inland Revenue Authorities in this connection.

No provision has been made for depreciation of Fixed Assets.

20

Subject to the above remarks, we are of the opinion that the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

(Signed) DELOITTE PLENDER GRIFFITHS & CO.,
Chartered Accountants,
Auditors.

5, London Wall Buildings, London, E.C. 2.
14th May, 1929.

ROBERT McNISH & COMPANY, LIMITED

30

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
30th SEPTEMBER, 1928

To Cost of Merchandise:			
Bottled Whisky	£ 34,632 0 4		
Bulk Whisky	17,242 2 3		
	<hr/>		
" Gross Profit Carried Down.....		£ 51,874 2 7	
To Selling Expenses:		56,310 9 9	
Travellers:			
Salaries	5,262 13 7		
Expenses	6,651 14 10		
Motor Car Expense.....	53 4 6		
Sales Management:			
Salaries	728 9 7		
Expenses	246 1 4		
40 London Sales Office:			
Salaries	553 1 0		
Expenses	391 19 10		
Glasgow Sales Office:			
Salaries	259 15 0		
Expenses	38 10 4		
Sampling	876 2 0		
Commissions	4,951 5 6		
Miscellaneous Expenses	226 16 1		
Advertising	67,296 11 3		
Free Offer	7,820 12 3		
World Tour Expenses.....	1,145 6 3		
	<hr/>		
		96,502 3 4	

	To Miscellaneous Selling Expenses:			
	Freight Outward	2,949	3	1
	Sales Allowance	1,108	13	4
	Returned Goods Freight and Expense.....	11	13	1
	Shipping General	1,448	11	11
	Shipping Containers Freight.....	518	16	2
	London Warehouse Expense.....	275	11	4
	Glasgow Warehouse Expense.....	432	5	4
	Plant Upkeep	86	5	9
	Legal Expense Sales Department.....	112	0	6
	Export Insurance	26	13	4
	Cooprage Expense	819	12	7
				7,735 19 9
10				
				<u>104,238 3 1</u>
	To Balance Brought Down.....			47,927 13 4
	“ General Expenses:			
	Printing and Stationery.....	1,186	5	5
	Telephones and Telegrams.....	412	7	0
	Office Rent and Expense.....	1,576	9	1
	Bank Charges	21	11	5
	Postages	324	2	0
	Stamp Tax	133	4	9
	Miscellaneous Expense	1,055	0	9
	Travelling Expenses General and Deferred Charges.....	4,221	1	0
	Legal Expenses General.....	311	19	5
20	General Insurance	245	6	11
	General Office Salaries, London.....	1,734	9	8
	“ “ “ Glasgow	2,263	17	11
	Subscriptions and Donations.....	43	0	2
	Executive Salaries	6,600	5	11
	Directors’ Fees—Accrued	716	13	4
	Trustees’ Fees and Expenses.....	1,785	13	10
	Audit Fees	250	0	0
	Discounts—Net	810	17	0
				23,692 5 7
	To Bad Debts Written Off.....			1,970 9 9
	“ Mortgage Interest			43 5 2
	“ Miscellaneous Losses, less Earnings.....			1,192 18 4
				<u>74,826 12 2</u>
30				
	To Balance Brought Down.....			70,661 17 9
	“ Income Tax Schedules A. & D.....			412 12 0
	“ Debenture Interest			46,237 10 2
	“ Reserve for Loss on French Company.....			2,500 0 0
				<u>119,811 19 11</u>
	To Balance Brought Down being loss for the year.....			119,811 19 11
				<u>119,811 19 11</u>
40	By Sales:			
	Bottled Whisky	£ 75,084	12	0
	Bulk Whisky	33,100	0	4
				<u>£108,184 12 4</u>
				108,184 12 4
	By Gross Profit brought down.....			56,310 9 9
	“ Balance carried down.....			47,927 13 4
				<u>104,238 3 1</u>

Exhibits.

D-87.

Final application for listing of McNish debentures—continued.

By Interest Earned—Net	3,902 7 8
“ Earned Interest on Stocks Used.....	262 6 9
“ Balance Carried Down.....	70,661 17 9
	<hr/>
	74,826 12 2
	<hr/>
By Balance Carried Down being loss for the year.....	119,811 19 11
	<hr/>
	119,811 19 11
	<hr/>
By Balance as per Balance Sheet dated 30th September, 1927..	4,598 6 8
10 “ Bank Overdraft Repayment.....	15,458 6 11
“ Transfer from General Reserve.....	10,000 0 0
“ Balance as per Balance Sheet.....	89,755 6 4
	<hr/>
	£119,811 19 11
	<hr/>

Exhibits.

D-87.
Final appli-
cation for
listing of
McNish
debentures
—continued.

AGREEMENT

ROBERT McNISH & COMPANY, LIMITED, agrees with the Montreal Stock Exchange as follows:—

- 20 1. That it will not dispose of its stock interest in any constituent, subsidiary, owned or controlled company, or allow any of said constituent, subsidiary, owned or controlled companies to dispose of stock interests in other companies unless for retirement and cancellation, except under existing authority or on direct authorization of stockholders of the company holding the said companies; notice thereof to be sent to the Montreal Stock Exchange.
- 30 2. That it will publish at least once in each year and submit to the Stockholders, at least fifteen days in advance of the Annual Meeting of the Company, a statement of its physical and financial condition, an income account covering the previous fiscal year, and a balance sheet showing assets and liabilities at the end of the year; also annually an income account and balance sheet of all constituent, subsidiary, owned or controlled companies; or a consolidated income account and consolidated balance sheet. Copies thereof to be sent to the Montreal Stock Exchange.
- 40 3. That it will maintain in accordance with the rules of the Montreal Stock Exchange in the City of Montreal, Province of Quebec, a Transfer Office or Agency, acceptable to the Montreal Stock Exchange, where all listed securities shall be directly transferable, and the principal of all listed securities with interest or dividends thereon shall be payable; also a Registry Office, acceptable to the Montreal Stock Exchange, in the City of Montreal, Province of Quebec, other than its Transfer Office or Agency in said City, where all listed securities shall be registered.

4. That it will not make any change in listed securities, of a Transfer Agency or of a Registrar of its stock, or of a Trustee of its bonds or other securities, without the approval of the Committee on Stock List, and will not select as a Trustee an Officer or Director of the Company.

5. That, in the event of the issuance of any rights or subscriptions to, or allotments of its securities, it will notify the Montreal Stock Exchange at least ten days in advance of the date of allotment, and afford the holders of the listed securities a proper period within which to record their interests after authorization, and that all rights, subscriptions or allotments shall be transferable, payable and deliverable in the City of Montreal, Province of Quebec.

6. That it will notify the Montreal Stock Exchange of the issuance of additional amounts of listed securities and make immediate application for the listing thereof.

7. That it will publish promptly to holders of bonds and stocks any action in respect to dividends on shares, interest on bonds, or allotments or rights for subscription to securities, notices thereof to be sent to the Montreal Stock Exchange by telegraph, that all dividends and bonuses will be made payable to shareholders of record of at least seven days from date of declaration, and that all dividend cheques and bond capital and interest will be payable at par of exchange in the City of Montreal.

9. That it will notify the Montreal Stock Exchange of the holding, cancellation, or retirement of securities, by redemption, through operation of sinking fund or otherwise, also if deposited collateral is changed or removed and furnish list of collateral substituted.

10. That it will not close its transfer books for the purpose of paying dividends or calling meetings.

12. That in the event of the further pledging itself in the way of a note issue or other form, it will immediately notify the Montreal Stock Exchange.

13. That it will have new stock certificates engraved in accordance with the requirements of the Montreal Stock Exchange.

14. That deliveries of new stock certificates in exchange for those lodged for transfer will be made in accordance with the requirements of the Montreal Stock Exchange.

Exhibits.

—
D-87.
Final application for listing of McNish debentures —continued.

40

15. That it will maintain a Registrar, acceptable to the Listing Committee of the Montreal Stock Exchange, wherever it has a Transfer Office.

17. That it will pay listing fees on any further issues of stocks or bonds issued *pari passu* with listed securities.

18. That it will notify the Montreal Stock Exchange of all Annual and Special Meetings of Shareholders at least seven days in advance.

19. That it will forward a copy of all additions and amendments to its by-laws to the Montreal Stock Exchange.

20. That in the event of the Company disposing of its present authorized but not issued capital stock or bonded indebtedness, it will immediately notify the Montreal Stock Exchange giving full particulars.

21. That it will furnish at any time on demand such reasonable information of its general condition as may be required by the Committee, and that a failure to give such information shall subject the Company to the penalty of having its securities stricken from the list.

22. That if a transfer office be opened in any other City the certificates will be made interchangeable.

23. That it will furnish to the Montreal Stock Exchange, whenever requested so to do, a list of the shareholders of the Company.

The Company agrees that, in the event of the articles of this agreement not being complied with, the Montreal Stock Exchange may strike its securities from the list.

GENERAL

The fiscal year of the Company ends on the 31st day of December in each year.

40 The General Meeting of the Company is held in every year at such time (within a period of not more than fifteen months after the holding of the last preceding General Meeting), at such place as may be determined by the Directors.

The principal office of the Company is situate at 55 Washington Street, Glasgow, Scotland.

The Directors (elected annually) are:—

Exhibits.

D-87.
Final application for listing of McNish debentures
—continued.

The Rt. Hon. Lord Shaughnessy, K.C., Montreal, Que.
Archibald Kelly, Montreal, Que.
Fisher Wilmore, Corbyville, Ont.
Edward Lauster, Montreal, Que.
J. Gibson Lawrence, Montreal, Que.
Colonel George McNish, Glasgow, Scotland.
John McNish, Glasgow, Scotland.
Thomas Logan, Glasgow, Scotland.

10 The Officers (elected annually) are:—

The Rt. Hon. Lord Shaughnessy, K.C., Chairman, Montreal,
Que.
Edward Lauster, Vice-Chairman, Montreal, Que.
W. Y. McCulloch, Interim-Secretary, Glasgow, Scotland.
The Trustee and Transfer Agent is The Crown Trust Company,
Montreal, Canada.

The Registrar is National Trust Company Limited, Montreal,
20 Canada.

ROBERT McNISH & COMPANY, LIMITED

(Signed) J. GIBSON LAWRENCE,
Director.

The Committee recommends that the above \$4,444,665.00 principal amount of 20-Year 6% Guaranteed (Redeemable) Debenture Stock be admitted to the list.

30 W. E. J. LUTHER,
Chairman Listing Committee.

Adopted by the Governing Committee, 10th October, 1929.

ARTHUR BRUNEAU,
Secretary-Treasurer.

**Exhibit Group No. 22: Contracts and Trust Deeds created
by the late Sir Mortimer Davis**

PLAINTIFFS' EXHIBIT P-66

Exhibits.

P-66.
Marriage
Contract
between Sir
Mortimer
B. Davis
and Dame
Henriette
Marie Meyer
passed
before
W. de M.
Marler,
Notary,
20th Octo-
ber 1897.

10 BEFORE Mtre WILLIAM deM. MARLER, the undersigned Public
Notary for the Province of Quebec, residing and practising at
the City of Montreal,

APPEARED:

MORTIMER BARNET DAVIS, of the City of Montreal,
President of the American Tobacco Company of Canada,

of the one part:

AND

20 MISS HENRIETTE MARIE MEYER, of the City of San
Francisco, in the State of California, one of the United States of
America, Spinster, of full age of majority,

of the second part:

WHO, in view of the marriage which has been agreed upon be-
tween them and which is to be forthwith solemnized, have entered
into the following Contract and Agreement, namely:—

FIRST

30 The Future Consorts shall be separate as to property in con-
formity with Article 1422 of the Civil Code of Lower Canada.

In consequence the Future Wife will have the entire adminis-
tration of her property, moveable and immoveable, (all necessary
authority to that effect being hereby granted to her by her Future
Husband) and the free enjoyment of her revenues.

Likewise they shall not be responsible for each other's debts,
whether contracted before or subsequent to the intended marriage.

SECOND

40

The property of the Future Wife now consists:—

1. Of her wearing apparel, jewels, trinkets and paraphernalia, as
to which it is agreed that those belonging to her at the dis-
solution of the marriage shall take the place of those she now
has without any claim on either side for any excess or de-
ficiency.

Exhibits.

P-66.
Marriage
Contract
between Sir
Mortimer
B. Davis
and Dame
Henriette
Marie Meyer
10 passed
before
W. de M.
Marler,
Notary,
20th Octo-
ber 1897—
continued.

2. And of such other moveable and immoveable property as she may justify to belong to her.

THIRD

All linen, plate and plated ware bearing the name, crest, initials or other mark identifying the same with the Future Wife or her family and all jewellery, wearing apparel and ornaments used by her personally and all household furniture, horses, carriages and other
10 moveable effects whatsoever which may, at any time during the marriage, be found in and about the residence of the Future Consorts or the outbuildings thereof (with the exception of the wearing apparel, jewels and personal effects of the said Future Husband) shall be held to belong to the Future Wife of right, without her being in any way bound to prove the ownership thereof.

FOURTH

The Future Husband shall pay and bear all household expenses
20 and shall provide all necessary wearing apparel and maintenance for the Future Wife and shall provide for the support, maintenance and education of the child or children who may be born issue of the intended marriage, without the future wife or her revenues being answerable for the same or any part thereof.

Nevertheless the Future Husband shall not be bound to restore to the Future Wife any part of her revenues which she may have expended for this purpose.

FIFTH

30 There shall be no dower.

SIXTH

And in view of the intended marriage and of there being no community of property and no dower and of the love and affection which the Future Husband hath and beareth towards his future Wife, he, the Future Husband, doth, by these presents, give by way of donation inter vivos and irrevocably unto the Future Wife and
40 his child or children, thereof accepting by the Future Wife, the sum of One Hundred Thousand Dollars, payable at his death: the whole in the manner and subject to the conditions hereinafter provided.

And in payment of Seventy-Five thousand dollars on account of the said sum of One hundred thousand dollars, the Future Husband doth assign and transfer to the Future Wife, Seven Hundred and fifty Shares of One Hundred Dollars each, of the American Tobacco Company of Canada which now belong to him but are held in Trust

by James B. Duke & George Arents to secure the fulfilment by the said Future Husband of certain Obligations entered into by him with said Company and he undertakes as soon as said Obligations have been fulfilled to execute Transfers in the Company's Books of said Shares to the Future Wife or to the Trustees to be named as hereinafter provided.

SEVENTH

10 The Future Husband stipulates the right to make further payments on account of the said sum during the intended marriage, as he may find himself in a position so to do; and the right to name Trustees either during his lifetime by notarial acte or by his Last Will and Testament: to whom such payments may be made for the administration and management thereof.

Any balance which may remain unpaid at his death shall become due and exigible at the end of three months after his death.

EIGHTH

20 Such Trustees shall have in addition to the powers conferred by law on Trustees, such powers as may be given them by the instrument appointing them.

But they shall be bound—

- 30
1. To invest the said sum of One Hundred Thousand Dollars or the amounts which may be paid on account thereof in such securities as the Future Husband may, during his lifetime, approve of; and after his death and unless otherwise directed by his Last Will and Testament in the securities in which by law Trustees are authorized to invest.
 2. From time to time with the consent of the Future Husband during his lifetime and after his death in their own discretion to sell investments and reinvest the proceeds.
 3. To pay the nett annual revenues which may be derived from such investments or from any sums paid on account by the Future Husband to him during his lifetime: and after his death to the Future Wife so long as she may remain his widow and from the date of her remarriage the one half of the nett annual revenues during the remainder of her life and the other half of such nett annual revenues or so much thereof as the Trustees may think proper to or for the support, maintenance and education of the child or children of the intended marriage either directly or to their Tutor or Guardian or to any other person or persons on their behalf, without responsibility for the proper application of the monies and to accumulate any surplus for such child or children:
- 40

Exhibits.

—
P-66.

Marriage
Contract
between Sir
Mortimer
B. Davis
and Dame
Henriette
Marie Meyer
passed
before
W. de M.
Marler,
Notary,
20th Octo-
ber 1897—
continued.

Exhibits.

P-66.

Marriage Contract between Sir Mortimer B. Davis and Dame Henriette Marie Meyer passed before W. de M. Marler, Notary, 20th October 1897—
continued.

10

20

30

40

It being an express condition of this gift and without which the same would not have been made that the revenues derived from the said sum of One Hundred Thousand Dollars or from the amounts paid on account thereof shall be an alimentary provision for the support and maintenance of the Future Wife and of the child or children who may be born of the intended marriage and shall be incapable of being seized or taken in execution for her or her husband's debts, or for the debts of the children or of any of them or of being assigned or anticipated in any way.

The issue of the intended marriage or any of them will have no right to demand of the Future Husband during his lifetime or of the Future Wife during her widowhood any share of the revenues of the Trust property or an account of his or her administration of such revenues, or payment of any amount, which, upon a rendition of account, might appear not to have been used for the above purposes or which might have been applied to his or her own use.

4. Upon the death of both consorts, should the Future Wife survive the Future Husband, to divide the capital among the issue of the intended marriage or their descendants, and should the Future Wife predecease the Future Husband to divide the capital among all his children whether issue of the intended or any other marriage and their descendants: the whole in such manner and in such shares and proportions as the Future Husband may by his Last Will and Testament direct, he reserving the right to dispose by his Will of said sum of One Hundred Thousand Dollars and all accretions and the investments representing the same among all his children and their descendants as if the same formed part of his Estate; and should he make no Will, to divide the capital among all his children and the lawful issue of any predeceased child equally par souche in the order of legitimate successions; and should there be no child or children of the intended marriage or their posterity alive at the death of both consorts or at the death of the Future Wife, if she predecease her husband, to pay over the trust property to the Future Husband if he be alive or to his heirs, legal or testamentary.

NINTH

Unless otherwise provided by the instrument appointing the Trustees, there shall be always three Trustees.

Should the Future Husband neglect to appoint them during his lifetime or by Will, they shall be appointed on petition by any interested party by a Judge of the Superior Court in the District of Montreal on the advice of a Family Council: two being chosen by

the relatives and friends of the Future Husband and one by the relatives of the Future Wife.

They shall be accountable each for his own acts and deeds and for good faith only in their administration.

They shall be allowed credit for all reasonable charges and expenses and may employ a bookkeeper or other competent person to keep their accounts and collect the revenues and may pay him a reasonable remuneration for his services.

10

TENTH

And in further view of the intended marriage and of the affection the Future Husband hath for his Future Wife, he hath, by these presents given unto her, thereof accepting:—

All and every the articles of household furniture, pictures and ornaments, plate and plated ware, glass and cutlery, linen, and all other moveable effects, which may at any time hereafter, be purchased or acquired by him for the furnishing or ornamentation of their common domicile or for use by the Future Consorts in connection therewith:

To have and to hold the same to the Future Wife as her absolute property.

It is specially agreed between the Parties, that in the event of the Future Wife predeceasing the Future Husband, all the furniture and other moveable effects in and about their common domicile and the outbuildings connected therewith, including her clothing, jewellery and personal effects, shall, without exception, belong to the Future Husband, and the Future Wife doth, by these presents, give the same to him should he survive her, as his absolute property, with the exception always of such legacies of ornaments, jewellery and clothing as she may make by her will.

Exhibits.

P-66.

Marriage Contract between Sir Mortimer B. Davis and Dame Henriette Marie Meyer passed before W. de M. Marler, Notary, 20th October 1897—*continued.*

WHEREOF ACTE:

THUS DONE AND PASSED at the City of Montreal, on this Twentieth day of October, One thousand eight hundred and ninety-seven, and of record in the office of the said Mtre. Marler under the Number Twenty-two thousand eight hundred and twenty-three.

And after due reading hereof the Parties signed in the presence of the said Notary.

(Signed) Mortimer B. Davis
" " Henriette M. Meyer
" " W. deM. Marler, N.P.

A true copy of the original hereof remaining of record in the office of William deMontmollin Marler in his lifetime Notary Public, residing in the City of Montreal, in the District of Montreal, com-

Exhibits.

P-66.
Marriage
Contract
between Sir
Mortimer
B. Davis
and Dame
Henriette
Marie Meyer
passed
before
W. de M.
Marler,
Notary,
20th Octo-
ber 1897—
continued.

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pared with the original thereof by the undersigned George Carlyle Marler, Notary Public for the Province of Quebec, practising in the District of Montreal, the Assignee of the Minutes, repertory and index of the said late William deMontmollin Marler in virtue of an Order-in-Council of the Lieutenant Governor of the Province of Quebec, of the Twenty-sixth day of October, Nineteen hundred and twenty-nine.

Dated at Montreal this Twenty-seventh day of May, Nineteen
10 hundred and thirty.

G. C. Marler, N.P.

PLAINTIFFS' EXHIBIT P-67

P-67.
Appoint-
ment by
Superior
Court,
Montreal, of
Trustees
under trust
created by
Marriage
Contract
between
the late Sir
Mortimer
B. Davis
and Dame
Henriette
Marie
Meyer,
5th Sept-
ember 1928.

BEFORE MAITRE EDWARD W. H. PHILLIPS, the under-
signed Notary Public for the Province of Quebec in the Dominion of
Canada, practising in the City of Montreal, in said Province.

20

CAME AND APPEARED:—

ALEXANDER M. REAPER of the said City of Montreal,
Secretary, acting in his capacity of one of the three Trustees and
Executors of and under the Last Will of the late Sir Mortimer B.
Davis in his lifetime of Montreal aforesaid, Knight,—said will
executed at London in England on the Thirtieth day of November,
Nineteen hundred and twenty seven, in the presence of three wit-
nesses, and proved in the Superior Court at Montreal on the eight-
30 eenth day of April last (1928), the Testator having died at Cannes in
France on the Twenty second day of March last (1928),—

WHICH said Appearer in conformity with his Declaration by
Acte en brevet before me, the undersigned Notary, on this twenty
ninth day of August Nineteen hundred and twenty eight, for the
purpose of choosing two of the three Trustees of the Settlement of
One hundred thousand dollars (\$100,000) under the Marriage Con-
tract of the deceased with his first wife as more fully set forth in the
said Declaration, hath caused to appear before me a competent
40 number of relatives and allies (alliés) (C.C. 251), or friends in default
of relatives (C.C. 253) as provided by law, of the deceased, to wit,—

MORRIS EDWARD DAVIS of Montreal aforesaid, Manager,
a paternal nephew of the deceased, and

AUDLEY J. CURRAN, of Montreal aforesaid, manager,
brother of the deceased's second wife,—and

CHARLES A. DOWD of Montreal aforesaid, accountant
ROY F. BROWNE of Montreal aforesaid, clerk,
PETER YULE of Montreal aforesaid, Messenger;
HARRY G. FERGUSON of Montreal aforesaid, accountant,
and
PIERRE MICHAUD, of the City of Outremont in said Province, Clerk.

10 The last named five persons being friends of the deceased in default of relatives or allies (alliés)

AND the said Alexander M. Reaper being duly sworn by me makes oath and says,—That Samuel Davis of Thetford Mines in said Province, Mining Engineer, a paternal nephew of the deceased, and Thomas P. Cochran, Geologist and John Wilson, Company President, both of Montreal aforesaid and respectively husbands of paternal nieces of the deceased, were all three duly notified to attend the present Family Council as appears by their acceptances of notification produced herewith,—and that to the best of Deponent's
20 knowledge there are no other relatives or allies (alliés) of the deceased in the said Province of Quebec qualified to take part in the present Family Council.

Which said relatives, allies (alliés) or friends after having heard the said Declaration read and after having been duly sworn by me to give their advice in the premises unanimously chose William James Shaughnessy, the Right Honourable Lord Shaughnessy of Montreal, Canada, and Ashford, County Limerick, Ireland, Baron of the United Kingdom,—and the said Alexander M. Reaper, to be two of
30 the said three Trustees of the said Settlement of One hundred thousand dollars (\$100,000), to be appointed as such by a Judge of the Superior Court in the District of Montreal as provided under said Marriage Contract.

THUS DONE AND EXECUTED en brevet at the said City of Montreal on this Twenty ninth day of August, Nineteen hundred and twenty eight and signed by the said appearers with and in the presence of me the said Notary also hereunto subscribing, these presents having been first duly read according to law.

40 (Signed) A. M. REAPER
“ M. E. DAVIS
“ AUDLEY J. CURRAN
“ C. A. DOWD
“ ROY F. BROWNE
“ P. YULE
“ H. G. FERGUSON
“ P. MICHAUD
“ E. W. H. PHILLIPS, N.P.

Exhibits.
—
P-67.
Appointment by Superior Court, Montreal, of Trustees under trust created by Marriage Contract between the late Sir Mortimer B. Davis and Dame Henriette Marie Meyer, 5th September 1928
—continued.

Exhibits.

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P-67.
Appointment by Superior Court, Montreal, of Trustees under trust created by Marriage Contract between the late Sir Mortimer B. Davis and Dame Henriette Marie Meyer, 5th September 1928
—continued.

PROVINCE OF QUEBEC
District of Montreal

SUPERIOR COURT

10 Having seen and examined the foregoing advise of family council and the proceedings thereto annexed, I the undersigned one of the Judges of the Superior Court for the Province of Quebec, in the district of Montreal, hereby ratify confirm the said advise and all the proceedings made before Mtre Edward W. H. Phillips, Public Notary and I do hereby order that the said William James Shaughnessy, the Right Honourable Lord Shaughnessy of Montreal, Canada, and Ashford, County Limerick, Ireland, Baron of the United Kingdom and the said Alexander M. Reaper, be and remain two of the three trustees of the settlement of One hundred thousand dollars (\$100,000) under the marriage contract of the late Sir Mortimer B. Davis in his lifetime of Montreal, Knight, with his first wife, the said Dame Henriette Marie Meyer, executed before W. de M. Marler, Notary, on the twentieth day of October 1897.
20 Montreal, 5th September 1928.

(Signed) ED. FABRE SURVEYER,
J.S.C.

Certified to be a true copy of the original hereof remaining of record in the archives of the Superior Court at Montreal.
Montreal, 2nd June, 1930.

A. E. GRANDBOIS,
Deputy P.S.C.

30 P-67 (a).
Appointment by Superior Court, Montreal, of additional Trustee under trust created by Marriage Contract between the late Sir Mortimer B. Davis and Dame Henriette Marie Meyer, 5th September 1928.

PLAINTIFFS' EXHIBIT P-67 (a)

BEFORE MAITRE EDWARD W. H. PHILLIPS, the undersigned Notary Public for the Province of Quebec in the Dominion of Canada, practising in the City of Montreal, in said Province,—

CAME AND APPEARED:—

40 THE ROYAL TRUST COMPANY, a body corporate having its Head Office in the said City of Montreal, herein acting by ROSS CLARKSON, manager of the Montreal Branch, and GEORGE G. W. GOODWIN, assistant secretary thereof, hereto duly authorized by By-Law Number Fifteen and Resolution of the Executive Committee thereof passed on the tenth day of July last (1928), a certified copy of which By-Law and Resolution is attached to the hereinafter

recited Declaration, hereinacting as the Agent of Dame Henriette Marie Meyer (Lady Davis) formerly of the City of San Francisco, in the State of California, one of the United States of America, presently residing in Paris in France, formerly wife of the late Sir Mortimer B. Davis in his lifetime of the said City of Montreal, who died at Cannes in France on the Twenty second day of March last (1928), and from whom she was divorced.

10 WHICH said appearer in conformity with its Declaration by Acte en brevet before me, the undersigned Notary on this twenty eighth day of August nineteen hundred and twenty eight, for the purpose of choosing one of the three trustees of the Settlement of One hundred thousand dollars (\$100,000) under the Marriage Contract of the said Sir Mortimer B. Davis with the said Dame Henriette Marie Meyer, as more fully set forth in the said Declaration hath caused to appear before me a competent number of relatives and allies (alliés) (C.C. 251), or friends in default of relatives (C.C. 253) as provided by law, of the said Dame Henriette Marie Meyer, to wit,—

20 LAWRENCE A. SEWELL of Montreal aforesaid, assistant manager;

ALFRED G. M. MILLER of the City of Longueuil in said Province, Assistant Trust Officer;

HERBERT C. BUXTON of the City of Outremont in said Province, Clerk;

VICTOR BETRIX of Montreal aforesaid, Clerk;

30 WILLIAM R. RORKE of Outremont aforesaid, Clerk;

JAMES B. GERRARD of Montreal aforesaid, Clerk and

ALLISON E. RUSSELL of Montreal aforesaid, Clerk,—all the said persons being friends of the said Dame Henriette Marie Meyer in default of relatives or allies (alliés).

And the said Lawrence A. Sewell being duly sworn by me makes oath and says that the said Dame Henriette Marie Meyer has no relatives or allies (alliés) in the said Province of Quebec, whether qualified to take part in the present Family Council or not.

40 WHICH said relatives, allies (alliés) or friends after having heard the said Declaration read and after having been duly sworn by me to give their advice in the premises unanimously chose the said Royal Trust Company to be the Trustee of the said settlement of One hundred thousand dollars (\$100,000), to be appointed as such by a Judge of the Superior Court in the District of Montreal as provided under said Marriage Contract.

Exhibits.

P-67 (a).
Appointment by Superior Court, Montreal, of additional Trustee under trust created by Marriage Contract between the late Sir Mortimer B. Davis and Dame Henriette Marie Meyer, 5th September 1928
—continued.

Exhibits.

— 527 —

P-67 (a).
Appointment by Superior Court, Montreal, of additional Trustee under trust created by Marriage Contract between the late Sir Mortimer B. Davis and Dame Henriette Marie Meyer, 5th September 1928
—continued.

THUS DONE AND EXECUTED en brevet at the said City of Montreal on this twenty eighth day of August Nineteen hundred and twenty eight, and signed by the said Appearers with and in the presence of me the said Notary also hereunto subscribing, these presents having been first duly read according to law.

10 (Signed) THE ROYAL TRUST COMPANY
" ROSS CLARKSON, Manager.
" GEO. G. W. GOODWIN, Assistant-Secretary
" L. A. SEWELL
" A. G. M. MILLER
" H. C. BUXTON
" V. BETRIX
" W. R. RORKE
" J. B. GERRARD
" A. E. RUSSELL
" E. W. H. PHILLIPS, N.P.

20 PROVINCE OF QUEBEC
District of Montreal

SUPERIOR COURT

30 Having seen and examined the foregoing advise of family council and the proceedings thereto annexed, I the undersigned one of the Judges, of the Superior Court for the Province of Quebec, in the district of Montreal, hereby ratify confirm the said advise and all the proceedings made before Mtre Edward W. H. Phillips, Public Notary and I do hereby order that the said THE ROYAL TRUST COMPANY, be and remain one of the three trustees of the settlement of One hundred thousand dollars (\$100,000) under the marriage contract of the late Sir Mortimer B. Davis in his lifetime of Montreal, Knight, with his first wife, the said Dame Henriette Marie Meyer, executed before W. de M. Marler, Notary, on the twentieth day of October 1897.

Montreal, 5th September 1928.

40 (Signed) ED. FABRE SURVEYER,
J.S.C.

Certified to be a true copy of the original hereof remaining of record in the archives of the Superior Court at Montreal.
Montreal, 2nd June, 1930.

A. E. GRANDBOIS,
Deputy P.S.C.

PLAINTIFFS' EXHIBIT P-68

BEFORE Mtre. HYMAN ERNEST HERSCHORN, the undersigned Public Notary for the Province of Quebec, practising at the City of Montreal,

APPEARED:

10 SIR MORTIMER BARNET DAVIS, of the City of Montreal and of Ste. Agathe des Monts in the Province of Quebec, Knight,

Hereinafter called "the Donor"
of the First Part:

AND

20 HERBERT MEREDITH MARLER, of the City of Montreal, Notary Public, and JOHN BELL WADDELL, of the same place, Manager,

Hereinafter called "the Trustees"
of the Second Part:

WHICH SAID PARTIES HAVE ENTERED INTO THE FOLLOWING AGREEMENT:

- 30 1. The Donor on the conditions and subject to the stipulations hereinafter contained hath by these presents made as a Donation, inter vivos and irrevocable, unto the said Trustees and unto their successors in office in trust the sum of TWO HUNDRED THOUSAND DOLLARS currency of Canada. This sum the Donor binds and obliges himself, his heirs and representatives to pay to the said Trustees on their demand. The Donor reserves the right to make payment of the said sum of money in bonds, shares or other securities, the value of the securities to be taken as of the day of delivery thereof, but such securities must be satisfactory to and approved of by the said Trustees.
- 40 2. The Trustees shall take the said sum or the securities which may be accepted in payment thereof, hereinafter referred to as the "Trust Property," and shall reduce the same under their control.
3. The Trustees shall pay the revenues derivable from the Trust Property to the Donor during his lifetime.
4. The Trustees shall pay the revenues derivable from the Trust Property after the death of the Donor to Dame Eleanor

Exhibits.

P-68.

Trust Donation from Sir Mortimer B. Davis to H. M. Marler *et al.* of \$200,000, passed before H. E. Herschorn, Notary, 28th October 1921.

Curran (the Countess Moroni) wife of Count (Jerry) Moroni (residing at Milan in Italy) and during the said Dame Eleanor Curran (Countess Moroni) lifetime.

5. And after the death of the said Dame Eleanor Curran the capital shall be paid to the sons of the Donor, namely Mortimer Barnet Davis and Philip Meyer Davis, in the proportion of two-thirds to the former and one-third to the latter, the children of either who may be dead to take the parent's place and share, and in default of children then the whole shall be paid to the survivor, or in the event of the survivor being dead to the children of such survivor, and failing any such entitled to inherit in the manner above expressed the capital shall be paid to the Federation of Jewish Philanthropies operating in the City of Montreal.

6. The Donation presently made shall be considered strictly as aliment and the same shall be incapable of being seized or taken in attachment for the debts of any beneficiary or of being assigned or anticipated. In the event of seizure, transfer or assignment or other affectation of the capital of the property comprised in the said Donation or the income to be derived therefrom, the Trustees are hereby authorized to treat such assignment, seizure or transfer as a nullity and to pay the revenues derivable from the Trust Property for the benefit of the Donor or Donee either directly to the Donor or Donee or to such person on behalf of the Donee as they in their absolute and uncontrolled discretion may consider advisable.

7. There shall always be two Trustees of the Trust hereby created. Vacancies in the Trust shall be filled by the surviving or acting Trustee by Notarial Acte and failing to fill such vacancies in this manner then the vacancy shall be filled by the Trustees named under the Last Will and Testament of the Donor.

The Trustees hereunder shall be liable for good faith only in their administration.

8. In addition to all other powers vested in Trustees by law or statute the Trustees shall have the following powers:

- 40 (a) To sell or convert into money the whole or any part of the Trust Property, real or personal, moveable or immoveable, for such price and on such conditions as may be thought advisable; to receive the consideration price and to grant all necessary discharges therefor.
- (b) To release any property affected by hypothec or mortgage in whole or in part for such consideration or without consideration as may be thought proper.

Exhibits.

P-68.

Trust Donation from Sir Mortimer B. Davis to H. M. Marler *et al.* of \$200,000, passed before H. E. Herschorn, Notary, 26th October 1921—
continued.

Exhibits.

P-68.
Trust Donation from
Sir Mortimer B.
Davis to
H. M. Marler *et al.* of
\$200,000,
passed
before H. E.
Herschorn,
Notary,
26th October 1921—
continued.

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20

40

- (c) To exchange property for other property of a like or different nature and for such considerations and on such conditions as may be considered advisable.
- (d) To invest all sums of money requiring investment in such securities as to them may appear safe and advantageous without being restricted to those securities in which by the law of the Province of Quebec Trustees and Executors are bound to invest, and without responsibility for any resulting loss and from time to time in their discretion to sell, alter and vary investments.
- (e) To determine whether any sums received or disbursed are on account of capital or on account of revenue or partly on account of one and partly on account of the other and in what proportion.
- (f) To employ and pay for such professional or other assistance as they may deem requisite in the discharge of their duties and to charge and accept a reasonable remuneration for their services.
- (g) To effect any act required of them under the terms of the present Donation or resulting therefrom or incidental thereto without the necessity of any judicial or other authorization even though any interested party may be an incapable person.

WHEREOF ACTE:

DONE AND PASSED at the City of Montreal this twenty-
30 sixth day of October in the year Nineteen hundred and twenty-one,
and of record in the office of the undersigned Notary under the
Number Five thousand eight hundred and fifty-six.

And after due reading hereof the Parties signed in the presence
of the said Notary.

(Signed) M. B. Davis,
" Herbert M. Marler,
" J. B. Waddell,
" H. E. Herschorn, N.P.

A true copy of the original hereof remaining of record in my
office.

PLAINTIFFS' EXHIBIT P-69

BEFORE Mtre. HYMAN ERNEST HERSCHORN, the undersigned Public Notary for the Province of Quebec, practising at the City of Montreal,

Exhibits.

P-69.
Trust Donation from Sir Mortimer B. Davis to M. B. Davis *et al.* of \$1,200,000, passed before H. E. Herschorn, Notary, 1st August 1923.

APPEARED:

10 SIR MORTIMER BARNET DAVIS presently residing at the City of Montreal in the Province of Quebec, Knight;
Hereinafter called "the Donor"
of the first part:

MORTIMER B. DAVIS, Clerk, JOHN BELL WADDELL, Manager, and HERBERT MEREDITH MARLER, Notary, all of the City of Montreal, who with their successors in office as hereinafter named are,
20 Hereinafter called "the Trustees"
of the second part:

AND

The said MORTIMER B. DAVIS of the City of Montreal, Clerk, being,
Hereinafter called "the Donee"
of the third part:

30 WHICH SAID DONOR DECLARED UNTO THE SAID NOTARY AS FOLLOWS:

THAT for the purpose of relieving himself of the care and management of his affairs he has in various ways long prior hereto made certain dispositions of his property;

AND WHEREAS the dispositions referred to in the preceding paragraph were also made with a view of permitting the Donor to
40 reside the greater part of the year abroad;

AND WHEREAS the Donor having completed the disposition of certain other of his business affairs has now decided to reside abroad permanently namely in France where sometime ago he purchased a residence but before leaving the Province of Quebec to take up his permanent abode in France desires to make certain provisions for the members of his family and others so that he will know

that they in due course will be provided for without further reference to him;

AND WHEREAS for these reasons the Donor makes the following donation:

NOW THEREFORE THESE PRESENTS AND I THE SAID NOTARY WITNESS AND IT IS AGREED AS FOLLOWS:

10 ARTICLE I. The Donor subject to the conditions payments and provisos hereinafter expressed hath by these presents given as a donation inter vivos and irrevocable unto the Donee and to his children as hereinafter set out the sum of ONE MILLION TWO HUNDRED THOUSAND DOLLARS which he promises to pay and to deliver for the purposes of this gift to the said Trustees on demand and any part thereof which may remain unpaid at his death shall then immediately become due and exigible. The Donor reserves the right in place of paying cash to pay and to deliver to the Trustees satisfactory to the Trustees and of the value in their opinion
20 at the time of delivery equal to the amount in cash which such securities are to take the place of and in like manner the Trustees may at the death of the Donor should any part of the said amount hereby donated remain unpaid accept in lieu of cash securities under like conditions, all of which said property so donated is hereinafter called the Trust Property.

ARTICLE II. For the purposes of this gift the Donor hereby promises to pay and to deliver the said Trust Property to the Trustees in the manner expressed in the preceding paragraph and the Trustees
30 are to hold the Trust Property on the terms and conditions as in this donation expressed.

ARTICLE III. The Trustees shall reduce the Trust Property as and when received and as demanded by them under their control and shall pay the nett annual revenues derivable therefrom to the Donor during his lifetime.

ARTICLE IV. After the death of the Donor the Trustees shall provide and pay as regards the Trust Property as follows:—

- 40
1. To the Trustees their remuneration as hereinafter expressed.
 2. To set aside out of the capital of the Trust Property the sum of One hundred and fifty thousand dollars and to invest the same as herein provided and to pay such capital sum of One hundred and fifty thousand dollars with any accumulated revenues there may be in relation thereto or derived there-

Exhibits.

—
P-69.

Trust Donation from Sir Mortimer B. Davis to M. B. Davis *et al.* of \$1,200,000, passed before H. E. Herschorn, Notary, 1st August 1923—*continued.*

from to the son of the Donor the said Mortimer B. Davis when he attains the age of thirty years (the Donor being then dead) up to which time the revenues with respect to such sum shall be accumulated and added to the capital.

Should the said Mortimer B. Davis not attain the age of thirty years then such capital sum and any accumulated revenues shall fall into the residue of the Trust Property and be dealt with in the manner as hereinafter provided.

3. To pay to the said Mortimer B. Davis the sum of Five thousand dollars per annum.

Note: The provisions made as regards the said capital sum of One hundred and fifty thousand dollars and the said sum of Five thousand dollars immediately above in sub-sections 2 and 3 of this Article shall be preferred to all subsequent payments required to be made under the terms hereof.

4. To pay to the sister-in-law of the Donor Dame Carrie Gerschel widow of the Donor's brother Maurice E. Davis an annuity at the rate of Ten thousand dollars per annum, payable during her widowhood. To pay to the brother of the Donor Melvin H. Davis an annuity at the rate of Seven thousand dollars per annum during his lifetime.

To pay to the sister of the Donor Dame Beatrice Davis widow of the late S. Lustgarten an annuity at the rate of Five thousand dollars per annum payable during her lifetime.

To pay to the sister-in-law of the Donor Mrs. Ida Brown an annuity at the rate of Five thousand dollars per annum payable during her lifetime. To pay to the niece of the Donor Dame Muriel Davis (Mrs. Cowan), an annuity at the rate of Five thousand dollars per annum payable during her lifetime and to continue this payment in favour of her children in the first degree and on the death of the last child in the first degree the payments shall cease.

The payments referred to in this sub-section shall if possible be made by the Trustees monthly but should for any reason there be insufficient to pay all such payments required in this sub-section in full then they shall be rateably reduced.

5. To accumulate and add to the capital any revenues which may be received from the Trust Property not required for the aforesaid purposes the whole until the said Donee attains the age of thirty years. After the said Donee attains that age (the Donor being then dead) then any surplus revenues not in the absolute and uncontrolled discretion of the Trustees required to provide for past or future payments of the obliga-

Exhibits.

P-69.

Trust Donation from Sir Mortimer B. Davis to M. B. Davis *et al.* of \$1,200,000, passed before H. E. Herschorn, Notary, 1st August 1923—*continued.*

10

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30

40

tions hereinabove expressed shall be paid to the said Donee the said Mortimer B. Davis during his lifetime.

ARTICLE V. And further subject to the aforesaid provisos and conditions after the death of the Donee the capital of the Trust Property and any accumulated or unpaid revenues shall still be retained in the hands of the Trustees who shall retain the same for a period of fifty years at least from the date of the death of the Donor and during that period no beneficiary shall be entitled to demand
10 any partition thereof. The Trustees shall however have the power in their absolute and uncontrolled discretion to make partitions of the Trust Property either partial or entire before the expiration of the said period of fifty years should they consider it proper to do so but not otherwise.

And after the death of the said Mortimer B. Davis the Donee the capital of the Trust Property and any accumulated and unpaid revenues shall pass to and become the property of his lawful children in equal shares par souche. The capital however shall continue to
20 remain vested in the hands of the Trustees who shall continue to pay the revenues derivable therefrom to the lawful children of the said Donee in equal shares par souche during their respective lives and on the death of each of such of the lawful children of the said Donee the share of the capital to which each child is entitled shall subject always to the provisions herein contained devolve to the lawful children of each such lawful child of the said Donee the said Mortimer B. Davis (that is the great grandchildren of the Donor) in equal shares par souche.

But notwithstanding the provisions hereinabove contained the
30 said Donee or his children (the grandchildren of the Donor) shall have the right by Marriage Contract or by Will to provide out of the revenues which such child would have been entitled to receive if such child had continued to live an annuity in favour of a surviving consort to be paid to such consort during his or her lifetime and until the remarriage of such consort. Such provision however shall only be effective to the extent of one-half of the revenues which such child would have received had he or she continued to live. Should a child of the said Mortimer B. Davis die without lawful issue him or her surviving the share of the revenues to which such child would
40 have been entitled to have received had he or she been alive shall subject to the aforesaid provisions which may be made in favour of a surviving consort devolve to his or her brothers and sisters par souche with representation in favour of the children of any predeceased brother or sister.

Should the said Mortimer B. Davis and his lawful descendants predecease the Donor then the Donor stipulates and reserves the

Exhibits.

P-69.

Trust Donation from Sir Mortimer B. Davis to M. B. Davis *et al.* of \$1,200,000, passed before H. E. Herschorn, Notary, 1st August 1923—*continued.*

Exhibits.

P-69.

Trust Donation from Sir Mortimer B. Davis to M. B. Davis *et al.* of \$1,200,000, passed before H. E. Herschorn, Notary, 1st August 1923—*continued.*

right to take back such part of the Trust Property and any accumulated revenues as in the opinion of the Trustees are not required to make the payments provided for herein which may lapse by reason of the death of the said Mortimer B. Davis and/or his descendants and like reservation is made should the lawful descendants of the said Mortimer B. Davis die before the Donor. Should the said Mortimer B. Davis survive the Donor and die without lawful issue or lawful children as representing such issue then the capital and any accumulated revenues shall revert to the Estate of the Donor and be governed by the terms of his Will.

ARTICLE VI. It is hereby declared that all provisions made herein both as regards capital and revenue whether the same be in the hands of the Trustees or in the hands of the beneficiaries shall be exempt from seizure for the debts of any beneficiary the same being intended as aliment nor shall the capital or revenue be capable of being assigned or anticipated. The share of any female beneficiary shall be for her own separate use independent of any husband whom she may marry and shall not enter into any community of property which may subsist between her and such husband.

ARTICLE VII. The number of Trustees shall be maintained to three.

Any Trustee may resign at any time and Trustees shall be liable for good faith only in their administration.

During the lifetime of the Donor vacancies in the Trust shall be filled by the surviving and acting Trustees but with his approval. After the death of the Donor vacancies shall be filled by Notarial Acte by the surviving and acting Trustees providing two are acting. If less than two are acting then the appointments necessary to bring the number up to four or three as the case may be shall be submitted by the acting Trustee to a Judge of the Superior Court for the Province of Quebec in the District of Montreal with the reasons given for the new appointments and such appointments shall be confirmed by such Judge after he has caused to be summoned before him those whom he may consider interested. Unless deemed essential by such Judge the advice of a Family Council need not be taken.

While the Trustees are three in number the act of the majority shall rule. During the lifetime of the Donor the Trustees shall serve without remuneration unless otherwise and subsequently arranged for by the Donor. After the death of the Donor each Trustee shall be entitled to the sum of TWO THOUSAND DOLLARS per annum for his services as such.

ARTICLE VIII. In addition to all other powers vested in

Trustees by law or by Statute the Trustees hereunder shall have the following powers:

- 10
- (a) To sell all property real or personal, moveable or immoveable in such manner and for such price in money or other consideration and on such conditions as may be thought proper; to receive the consideration price and to grant discharges therefor.
- (b) To release any property affected by hypothec or mortgage in whole or in part for such consideration or without consideration as may be thought proper.
- (c) To exchange property for other property of a like or different nature and for such considerations and on such conditions as may be considered advisable.
- 20
- (d) To invest all sums of money requiring investment in such securities or other investments as may be thought proper without being restricted to Trustees' securities or to those mentioned in Article 981-0 of the Civil Code of Lower Canada and from time to time to sell, alter and vary investments.
- (e) To advance moneys to the Trust and any advances so made with the interest shall be a first charge against the Trust property.
- (f) To borrow money in such amounts at such times and at such rates of interest and on such conditions as may be thought proper; to bind the Trust to the repayment of the sums so borrowed together with the interest thereon and all accessories of such loans and as security to hypothecate mortgage or pledge the whole or such part of the Trust Property moveable or immoveable as may be thought proper
- 30
- (g) To determine whether any sums received or disbursed are on account of capital or revenue or partly on account of one and partly on account of the other and in what proportions.
- (h) To employ and pay for such professional or other assistance as they may deem requisite in the discharge of their duties.
- (i) To make partitions in whole or in part of the Trust Property subject to such valuations and other formalities or even without valuation the whole as may be thought proper; to form the lots and to attribute the same to the beneficiaries entitled thereto and to evidence such partition or partitions by means of a Notarial Acte.
- 40
- (j) To determine all questions and matters of doubt which may arise in the course of their administration realization liquidation partition or winding up of the Trust and their decision

Exhibits.

P-69.
Trust Donation from
Sir Mortimer B.
Davis to
M. B. Davis
et al. of
\$1,200,000,
passed
before H. E.
Herschorn,
Notary,
1st August
1923—*con-
tinued.*

Exhibits.

P-69.

Trust Donation from Sir Mortimer B. Davis to M. B. Davis *et al.* of \$1,200,000, passed before H. E. Herschorn, Notary, 1st August 1923—*continued.*

whether made in writing or implied from their acts shall be conclusive and binding on all beneficiaries.

(k) To make advances to a beneficiary hereunder in such sum or sums at such times and for such purposes and on such conditions as may be considered advisable.

10 ARTICLE IX. And the said Mortimer B. Davis accepts the present gift in his favour as well also in favour of his children born or to be born.

ARTICLE X. And the Donor hereby specially declares and directs that in no way shall it be necessary to appoint any Curator to the substitutions herein created.

WHEREOF ACTE:

20 DONE AND PASSED at the City of Montreal this first day of August Nineteen hundred and twenty-three and of record in the office of the undersigned Notary under the Number six thousand six hundred and fifty-eight

And after due reading hereof the Parties signed in the presence of the said Notary.

(Signed) M. B. Davis
“ J. B. Waddell
“ Mortimer B. Davis, Jr.
“ Herbert M. Marler
“ H. E. Herschorn, N.P.

30 I, HOWARD P. HONEY, the undersigned Public Notary for the Province of Quebec, residing and practising in the City of Montreal, do hereby certify that the foregoing is a true copy compared with the original thereof remaining of record in the office of HYMAN ERNEST HERSCHORN, a Notary for the Province of Quebec, practising in the District of Montreal, whose Attorney for the purposes hereof I am under a Power of Attorney executed before E. C. Common, Notary, on the third day of January, Nineteen hundred and Twenty-nine, expiring on the Thirty-first day of December,
40 Nineteen hundred and twenty-nine.

Dated at Montreal, this Thirteenth day of April Nineteen hundred and twenty-nine.

H. P. Honey, N.P.

DEFENDANTS' EXHIBIT D-107

BEFORE ME, EDWARD W. H. PHILLIPS, the undersigned Notary Public for the Province of Quebec, in the Dominion of Canada practising in the City of Montreal, in the said Province,—

Exhibits.

—
D-107.
Notarial
Discharge to
Estate by
Lady Davis,
4th May
1929.

CAME AND APPEARED,—

10 DAME ELEANOR CURRAN (LADY DAVIS) of the said City of Montreal, widow of the late SIR MORTIMER B. DAVIS in his lifetime of the same place, Knight,—

WHO acknowledged and declared to have had and received at the time of the execution hereof from the Trustees and Executors of the Last Will of the said late Sir Mortimer B. Davis, said Will executed at London, in England, on the Thirtieth day of November Nineteen hundred and twenty-seven, in the presence of three witnesses and proved in the Superior Court at Montreal on the Eighteenth day of April last (1928), the deceased having died at Cannes in France on the Twenty-second day of March last (1928),—

20

THE sum of Two hundred thousand dollars (\$200,000) being the amount of the Settlement upon her under her Contract of Marriage with her said late husband executed before Maitre Felix Gazagnaire, Notary, at Cannes (Alpes Maritimes) in France, on the Twenty-fourth day of May, Nineteen hundred and twenty-four,— together with the sum of Sixteen hundred and forty-nine dollars and thirty-two cents, being interest thereon up to the date hereof at the rate of Seven per centum (7%) per annum.

30

AND in consequence of the foregoing she doth hereby finally release and discharge the Estate and Succession of the said late Sir Mortimer B. Davis and all persons concerned of and from all claims and demands in regard to or connected with the said sum of Two hundred thousand dollars (\$200,000) and interest.

40

THUS DONE AND PASSED at the said City of Montreal, in the office of me, the said undersigned Notary, on this Fourth day of May, Nineteen hundred and twenty-eight, under the Number Ten thousand five hundred and seventy-eight—of my Notarial Records and signed by the said Appearer hereto, with and in the presence of me the said Notary, also hereunto subscribing, these presents having been first duly read according to law.

(Signed) ELEANOR DAVIS
“ E. W. H. PHILLIPS, N.P.

A true copy of the original hereof which remains of record in my office.

E. W. H. PHILLIPS, N.P.

**Exhibit Group No. 23: Correspondence, Etc., re Quebec
Succession Duties**

DEFENDANTS' EXHIBIT D-67

Montreal, July 16th, 1928.

Executors, Estate Late Sir Mortimer B. Davis,
C/o Sir Mortimer Davis Incorporated,
10 Canada Cement Building,
Phillips Square,
City.

Exhibits.

D-67.

Letter to
Executors
from
E. W. H.
Phillips,
16th July
1928.

Dear Sirs,

I had a long interview this morning with Mr. Begin, the Com-
troller of the Succession Duty Department, in regard to the policies
held by Sir Mortimer Davis, Incorporated and the Canadian Indus-
trial Alcohol Company, Limited, and though he took an unfavourable
view at first, after discussing the matter at considerable length he
20 asked for the following information before coming to a decision.

(1)—The dates when the policies were issued.

(2)—The date or dates when they assigned to S. Davis & Sons,
Limited, and the date or dates when they were assigned by
the latter to the two above Companies.

(3)—The dates when Sir Mortimer Davis Incorporated and the
Canadian Industrial Alcohol Company Limited commenced
30 business.

Yours faithfully,

E. W. H. PHILLIPS.

DEFENDANTS' EXHIBIT D-68

July 18, 1928.

E. W. H. Phillips, Esq.,
Montreal, Que.

40 Dear Mr. Phillips,

We are in receipt of your favor of the 16th inst. and are some-
what surprised that Mr. Begin should have questioned the granting
of certificates authorizing the insurance companies to make pay-
ments of the policies assigned to Sir Mortimer Davis Incorporated,
and to Canadian Industrial Alcohol Co. Ltd. and trust that your
interview has cleared up the situation.

D-68.

Letter to
E. W. H.
Phillips
from
Executors,
18th July
1928.

Exhibits.

D-68.
Letter to
E. W. H.
Phillips
from
Executors,
18th July
1928—con-
tinued.

We enclose herewith memos giving the particulars asked for with reference to the insurance policies and you will note that the Aetna Life policy was not assigned to S. Davis & Sons Limited, but direct to Sir Mortimer Davis Incorporated by the late Sir Mortimer.

The Canadian Industrial Alcohol Co. Limited was incorporated under Federal Charter October 5th, 1918 and Sir Mortimer Davis Incorporated under Provincial Charter July 9th, 1919.

10

Yours very truly,

ESTATE SIR MORTIMER B. DAVIS,

A. M. REAPER,

Executor.

DEFENDANTS' EXHIBIT D-29

QUEBEC SUCCESSION DUTIES ACT

20

ESTATE LATE SIR MORTIMER B. DAVIS—RECORD No.6408

D-29.
Sworn De-
claration re
Insurance
policies on
life of Sir
Mortimer
Davis,
28th July
1928.

I, ALEXANDER M. REAPER of the City of Montreal, Secretary—in my capacity of one of the three Trustees and Executors of and under the last Will of the late Sir Mortimer B. Davis in his lifetime of Montreal aforesaid, Knight,—said Will executed at London in England on the Thirtieth day of November, Nineteen hundred and twenty-seven, in the presence of three witnesses, and proved in the Superior Court at Montreal on the Eighteenth day of April last (1928), the Testator having died at Cannes in France on the Twenty-second day of March last (1928)—

30

Being duly sworn make oath and say,—

FIRST,—That at the time of the death of the said late Sir Mortimer B. Davis, herein called the deceased, the following Policies on his life were held by the Incorporated Company called Sir Mortimer Davis Incorporated, which was incorporated on the 9th of July, 1919, to wit:—

40

A Policy in the Travellers' Insurance Company of Hartford, Connecticut, in the United States of America, bearing the Number 412429 for Seventy five thousand dollars, dated the 4th of June, 1917..... \$65,000.

A Policy in the Aetna Life Insurance Company of Hartford, Connecticut, bearing the Number 486064, for Fifty Thousand dollars, dated the 6th of June, 1917..... 50,000.

	A Policy in the Equitable Life Assurance Society of the United States, Number 2252362 for Forty five thousand dollars, dated the 14th of August, 1917 . . .	45,000.
	A Policy in the Mutual Life Insurance Company of New York, No. 2430461 for Ten thousand dollars dated the 23rd July, 1917	10,000.
10	A Policy in the Manhattan Life Insurance Company of New York, No. 183673 for Five thousand dollars, dated the 20th of June, 1917	5,000.

The foregoing policy in the Aetna Life Insurance Company for \$50,000. was assigned to Sir Mortimer Davis Incorporated on the 1st October, 1919, and the four other foregoing policies were all assigned to S. Davis & Sons, Limited, on the 26th May, 1918, and by the latter assigned to Sir Mortimer Davis Incorporated on the 15th January, 1920.

20 SECONDLY,—That also at the time of the death of the deceased the following policies on his life were held by the incorporated company called the Canadian Industrial Alcohol Company Limited, incorporated on the 5th of October, 1918, to wit,—

	A Policy in the Union Central Life Insurance Company of Cincinnati, No. 549816 for One Hundred thousand dollars, dated the 6th of June, 1917	\$100,000.
30	A Policy in the Connecticut General Life Insurance Company of Hartford, Connecticut, No. 117321 for Fifty thousand dollars, dated the 4th of June, 1917	50,000.
	A Policy in the Travellers' Life Assurance Company, now Montreal Life Insurance Company, Montreal, No. 6003, for Ten thousand dollars, dated the 12th June, 1917	10,000.

40 THIRDLY,—That the above last mentioned three policies were in the first instance made payable to the Estate of the deceased but the above policy in the Travellers' Life Assurance Company was assigned to H. Corby Distillery Company Limited on the 28th of May, 1918, and by it to said Canadian Industrial Alcohol Company Limited on the 30th September, 1922. The above Policy in the Union Central Life Insurance Company was assigned to H. Corby Distillery Company Limited on the 3rd of June, 1918, and the above Policy in the Connecticut General Life Insurance Company was assigned to said H. Corby Distillery Company Limited on the 28th of May, 1918, and both said policies were assigned by the Liquida-

Exhibits.
 —
 D-29.
 Sworn Declaration re
 Insurance
 policies on
 life of Sir
 Mortimer
 Davis,
 28th July
 1928—con-
 tinued.

tors of said H. Corby Distillery Company Limited to said Canadian Industrial Alcohol Company Limited on the 30th October, 1922.

10 FOURTHLY,—That none of the premiums on the said eight policies except the first few premiums on said Aetna, were ever paid by the deceased for his own account but were paid by or for account of the said S. Davis & Sons Limited, or H. Corby Distillery Company Limited, or Sir Mortimer Davis Incorporated, or the Canadian Industrial Alcohol Company, Limited, as the case may be,—the first few premiums on the foregoing policy in the Aetna Life Insurance Company were paid by the deceased for his own account but only till the said policy was transferred for value received to said Sir Mortimer Davis Incorporated after which the premiums were paid by that Corporation.

Exhibits.

D-29.
Sworn Declaration re
Insurance policies on
life of Sir
Mortimer
Davis,
28th July
1928—*con-
tinued.*

20 FIFTHLY,—That none of the said policies belonged in any way to the deceased or formed part of his Estate and did not devolve by gratuitous title within the meaning of Section 10, Subsection 2, of the Quebec Succession Duties Act.

SIXTHLY,—That in view of the provisions of the Quebec Successions Duties Act the Insurance Companies above mentioned require to be furnished with Certificates to the effect that there is no Succession Duty payable on the above policies respectively on account of the death of the deceased.

AND I have signed.

A. M. REAPER.

30 Sworn before me at the
said City of Montreal
on this Twenty-eighth
day of July, Nineteen
hundred and twenty-
eight.

E. W. H. PHILLIPS, N.P.

PLAINTIFFS' EXHIBIT P-53

(For Mr. Reaper)

Rooms 923 and 925,
Royal Bank Building,
August 12th, 1928.

Collector of Succession Duty,
Court House,
10 St. Gabriel Street,
City.

Dear Sir,

Re: Estate Sir Mortimer B. Davis, Record No. 6408

I beg to enclose herewith the Petition to the Honourable Provincial Secretary, with Affidavit attached, asking for the further delay of Six months to file the Declaration of Assets and Liabilities, and shall be obliged if you will kindly forward this to the proper quarter.

Yours faithfully,

E. W. H. PHILLIPS.

Exhibits.
—
P-53.
Letter to
Collector of
Succession
Duties from
E. W. H.
Phillips,
N.P.,
12th August
1928.

20

PLAINTIFFS' EXHIBIT P-54

PROVINCE OF QUEBEC
30 DISTRICT OF MONTREAL

QUEBEC SUCCESSION DUTIES ACT CAP. 29, R.S.Q., 1925

TO THE HONOURABLE, THE PROVINCIAL TREASURER OF
THE PROVINCE OF QUEBEC

THE PETITION OF

P-54.
Petition to
Provincial
Treasurer
for an
additional
delay of
six months
for the
making of
returns,
12th August
1928.

40 ALEXANDER M. REAPER, Secretary, of the City of Montreal in the Province of Quebec, one of the three Trustees and Executors of and under the last Will of the late Sir Mortimer B. Davis, in his lifetime of Montreal aforesaid, Knight,—said Will executed at London in England on the Thirtieth day of November, Nineteen hundred and twenty-seven, in the presence of three witnesses and proved in the Superior Court at Montreal on the Eighteenth day of April last (1928), the Testator having died at Cannes in France on the Twenty-second day of March last (1928),

HUMBLY REPRESENTS

THAT on account of the fact that a portion of the assets of the Estate is situated in France and the difficulty of ascertaining the exact value of such assets within the time provided and the numerous and important matters in connection therewith, it is impossible within the delay of three months from the date of his death and the further delay of Sixty days which has been granted to furnish the Declaration of Assets and Liabilities and Relationship of Beneficiaries mentioned in Paragraph No. Two (2) of Section No. Fourteen (14) of Division One (I) of said Act and Paragraph No. Two (2) of Section No. Thirty-three (33) of Division Two (II) of said Act,—

Exhibits.
P-54.
Petition to Provincial Treasurer for an additional delay of six months for the making of returns, 12th August 1928—continued.

10

WHEREFORE your Petitioner prays that you will be pleased to grant the further delay not exceeding Six (6) months for furnishing said Declaration, as provided for by Paragraph No. Four (4) of said Section No. Fourteen (14) and Paragraph No. Three (3) of said Section No. Thirty-three (33) of said Act.

20

AND your Petitioner as in duty bound will ever pray.

Montreal 1928.

I, Alexander M. Reaper of the City of Montreal, Secretary, being duly sworn make oath and say,—

That the statements in the foregoing Petition are true and correct.

30

Sworn before me at the City of Montreal on this day of , Nineteen hundred and twenty-eight.

DEFENDANTS' EXHIBIT D-30

QUEBEC SUCCESSION DUTIES ACT

40

ESTATE LATE SIR MORTIMER B. DAVIS—RECORD No. 6408

D-30.
Supplementary Declaration re Insurance policies, 25th August 1928.

I, ALEXANDER M. REAPER of the City of Montreal, Secretary, in my capacity of one of the three Trustees and Executors of and under the Last Will of the late Sir Mortimer B. Davis in his lifetime of Montreal aforesaid, Knight,—said Will executed at London in England on the Thirtieth day of November, Nineteen hundred and

twenty-seven, in the presence of three witnesses, and proved in the Superior Court at Montreal on the Eighteenth day of April last (1928), the Testator having died at Cannes in France on the twenty-second day of March last (1928).

Being duly sworn make oath and say,—

10 THAT on the Twenty-eighth day of July last (1928) I made an affidavit, which was duly filed in the Succession Duty Office, Montreal, regarding eight insurance policies on the life of the deceased, held by certain commercial companies mentioned in said Affidavit.

20 THAT when the said policies were taken out the deceased took an active part in the management of the said commercial companies then interested and they, desiring to be insured against his death, took out the policies referred to (except the Aetna), but the policies were not made payable directly to the said companies in the first instance as the Insurance Agent, presumably for reasons of Insurance Law, advised that they should be first made payable to the deceased or his Estate and afterwards assigned to the said commercial companies, and they were so assigned for the reasons aforesaid.

30 THAT the said policy in the Aetna Insurance Company, which was for \$50,000 as stated in the affidavit, is an exception to the above in that it was originally taken out by the deceased for his own account, but was afterwards assigned to Sir Mortimer Davis, Incorporated for valuable consideration, as shown by the Memorandum of Agreement between the Parties, executed in duplicate on the 30th day of September, 1919, a certified extract wherefrom with certified copy of the copy of the Directors' Agreement the said policy was specially mentioned and transferred.

THAT the said policy in the Aetna Insurance Company was issued on the 6th of June, 1917, and when the deceased assigned the same to the Sir Mortimer Davis, Incorporated on the 1st of October, 1919, he had paid three years premiums thereon and the cash value of said policy was about two thousand seven hundred dollars (\$2,700).

40 THAT when some of the said companies subsequently transferred their assets to the other companies the policies were included as forming part of such assets.

AND I have signed,

A. M. REAPER.

Sworn before me, at the
City of Montreal, on
this 25th day of August,
Nineteen hundred and twenty-eight.

Exhibits.
—
D-30.
Supple-
mentary De-
claration re
Insurance
policies,
25th August
1928—con-
tinued.

PLAINTIFFS' EXHIBIT P-55

Copy for Mr. Reaper

Rooms 923 and 925,
Royal Bank Building,
September 14th, 1928

Exhibits.
P-55.
Letter to
Collector of
Succession
Duties from
E. W. H.
Phillips;
and pre-
liminary
return,
14th Sept-
ember 1928.

10 To the Collector of Succession Duty,
New Court House,
St. Gabriel Street,
Montreal.

Dear Sir.

RE: ESTATE SIR MORTIMER B. DAVIS.

20 I beg to enclose the Preliminary Statement of assets, liabilities
and relationship asked for by the Hon. Provincial Treasurer at our
meeting on the 10th inst. This statement is furnished in compliance
with the wishes of the Treasurer in view of the impossibility of making
a complete statement at the present time.

I also enclose,—

1. Statement of Assets and Liabilities of Sir Mortimer B. Davis
Inc., as at 31st March, 1928.
- 30 2. Balance sheet of Wolfe Advertising Co., as at 31st December,
1927.
3. Statement of Account with Bamberger Bros. up to the 22nd
March, 1928, with their letter of 29th March, attached.
4. Letter from H. Joseph & Co., Inc., dated 28th May, 1928,
giving the value of Pine Avenue property at \$170,000.
- 40 5. Letter from H. Joseph & Co., Inc., dated 29th May, 1928,
giving the value of the Ste. Agathe property at \$50,000.

Will you kindly sign the receipt at the foot of the enclosed copy
of this letter and return to me.

Yours faithfully,

E. W. H. PHILLIPS.

PLAINTIFFS' EXHIBIT P-55— 1

ESTATE SIR MORTIMER B. DAVIS

PRELIMINARY STATEMENT AS AT MARCH 22, 1928

10

ASSETS

	REAL ESTATE, FURNITURE., ETC., as per statement attached.....	\$	255,275.00	
	BONDS AND SERIAL NOTES, as per statement attached.....		704,824.00	
	STOCKS, as per statement attached.....		9,883,875.60	
	RACING STABLE IN FRANCE valued at Frs. 3,000,000 at 3.94.....		118,200.00	
	ACCOUNTS RECEIVABLE AS PER STATEMENT ATTACHED..	\$165,069.83		
20	DIVIDENDS DECLARED ON VICTOR TALKING MACHINE STOCK.....		6,000.00	
	INTEREST ACCRUED ON BONDS AND DEBENTURES.....		4.83	
			<hr/>	171,074.66
	CASH:			
	Canadian Bank of Commerce, London £5,310/4/8 at 4.86 2/3.....		25,843.15	
	Weatherby & Sons, London, £414/2/6 at \$4.86 2/3...		2,015.40	
	Bank of Montreal, Ste. Agathe, Que.....		307.24	
	W. Thibeault and W. Godsall.....		130.00	
30	Cash found on person of Sir Mortimer and handed to Lady Davis, Frs. 6,530 at \$3.94.....		257.28	
			<hr/>	28,553.07
	TAXES AND INSURANCE PREPAID:			
	Insurance, Ste. Agathe.....	\$1,127.08		
	Taxes, do.....	833.61		
			<hr/>	1,960.69
	Insurance, Montreal.....	483.92		
	Taxes, do.....	438.92		
			<hr/>	922.84
				2,883.53
	PERSONAL JEWELRY OF SIR MORTIMER:			
40	Bequeathed to Mr. Mortimer B. Davis as per valuation.....		18,667.50	
			<hr/>	<u>\$11,183,353.36</u>

Exhibits.
—
P-55.
Letter to
Collector of
Succession
Duties from
E. W. H.
Phillips;
and pre-
liminary
return,
14th Sept-
ember 1928
—continued.

PLAINTIFFS' EXHIBIT P-55—2

10

ESTATE SIR MORTIMER B. DAVIS

PRELIMINARY STATEMENT AS AT MARCH 22, 1928

Exhibits.

P-55.

Letter to
Collector of
Succession
Duties from
E. W. H.
Phillips;
and pre-
liminary
return,
14th Sept-
ember 1928
—continued.

LIABILITIES AND FUNERAL EXPENSES

	ACCOUNTS PAYABLE as per statement attached.....		\$1,771,193.45
	BANKS:		
	Canadian Bank of Commerce, Montreal.....	\$111,898.00	
20	Lloyds Bank, Cannes and Paris. Net Balance		
	Fr. 695,542.85 at \$3.94.....	27,404.39	
			139,302.39
	TRUST FUNDS:		
	Re Marriage Contract, Lady Henriette Davis, Oct. 20, 1897, W. de M. Marler, N.P.....	200,000.00	
	Re Lady Eleanor Davis et al, Donation Oct. 26, 1921, H. E. Herschorn, N.P.....	200,000.00	
	Re Mortimer B. Davis et al. Donation as per Deeds Aug. 1, 1923 and Sept. 24, 1924, H. E. Herschorn, N.P.....	1,200,000.00	
30			1,500,00.00
	MARRIAGE CONTRACT LADY ELEANOR DAVIS:		
	May 24, 1924, deposited with E. W. H. Phillips, N.P., May 4, 1928.		200,000.00
	FUNERAL EXPENSES as per statement attached.....		49,225.87
	BALANCE, SURPLUS OF ASSETS OVER LIABILITIES:		
	But subject to remarks as per sheets attached.....		7,523,631.65
			<u>\$11,183,353.36</u>

40

PLAINTIFFS' EXHIBIT P-55—3
ESTATE SIR MORTIMER B. DAVIS
REMARKS

10 This statement with the accompanying declaration, are filed now because the application of Mr. A. M. Reaper, one of the executors, for six months further delay was not granted and they are so filed, subject to the right of the executors to amend the statement, or cause it to be amended and under reserve of all rights for rebates of succession duties, or otherwise, and it should be pointed out in this connection:

- 20 (1) The balance shown as per statements attached will be affected by the furniture, etc., in the 2 villas in France, the shares of Societe Daviso, the automobiles in France, etc., and there are liabilities, the amount of which is as yet unascertained, and there may be other liabilities as well.
- (2) For the information of the Honourable, the Provincial Treasurer, but not as forming part of the Assets or Liabilities of the Estate, it may be added that there are the following deeds, which create no present liability for succession duty but concerning which the executors will furnish further information, if required.
- (a) Marriage Contract between the Deceased and his first wife, Dame Henriette Marie Meyer, before W. de M. Marler, N.P., on the 20th October, 1897.
- (b) Donation from the Deceased to Trustees for the benefit of his first wife *et al.* of \$3,000,000 21st October 1922, E. Cholette, N.P.
- 30 (c) Deed of Correction of above, 2nd August, 1923, before H. E. Herschorn, N.P.
- (d) Donation 1st August, 1923, H. E. Herschorn, N.P., by the Deceased giving \$1,200,000 to Trustees for the benefit of his son, Mortimer B. Davis, *et al.*
- (e) Donation 5th June, 1924, G. C. Marler, N.P., by the Deceased to Trustees for the benefit of his first wife, of \$1,100,000 with renunciation by her as to the above \$3,000,000. Donation of the 21st October, 1922.
- (f) Revocation 24th September 1924, H. E. Herschorn, N.P., by Mortimer B. Davis to the Deceased or his Estate, of said Mortimer B. Davis' benefits under above \$3,000,000. Donation of 21st October, 1922 and the \$1,200,000. Donation of 1st August, 1923.
- (h) Deed of Revocation 10th October, 1927, E. W. H. Phillips, N.P., by the Deceased of the benefits conferred on Phillip Meyer Davis under above \$3,000,000 Donation of 21st October, 1922.

Exhibits.
—
P-55. 40
Letter to
Collector of
Succession
Duties from
E. W. H.
Phillips;
and pre-
liminary
return,
14th Sept-
ember 1928
—continued.

PLAINTIFFS' EXHIBIT P-55—4

ESTATE SIR MORTIMER B. DAVIS

ASSETS AS AT DATE OF DEATH—MARCH 22nd, 1928

Exhibits. P-55. Letter to Collector of Succession Duties from E. W. H. Phillips; and pre- liminary return, 14th Sept- ember 1928 —continued.	10	REAL ESTATE, ETC.: Property 516 Pine Ave. W. (assessed and real value \$170,000.00) \$170,000.00 Contents do as per valuation 13,347.00 Property at Ste. Agathe des Monts (assessed and real value \$63,350.00) 63,350.00 Furniture, etc., as per valuation 4,257.00 <hr style="width: 100px; margin-left: 0;"/> 67,607.00 North Cobalt Property: One-half interest in N.E. part of Lot 13 in the first concession, Township of Bucke, District of Temiskaming, Ont. 1.00 Mount Royal Cemetery: Lot No. 6, Section B, Div. 3, 1,080 feet at \$4.00 4,320.00 <hr style="width: 100px; margin-left: 0;"/> <u>\$255,275.00</u>	
	20		

PLAINTIFFS' EXHIBIT P-55—5

ESTATE SIR MORTIMER B. DAVIS

ASSETS AS AT DATE OF DEATH—MARCH 22nd, 1928

30	BONDS AND SERIAL NOTES: Serial Notes of Sir Mortimer Davis, Incorporated 20 Year 6% (the interest is included in Sir Mortimer Davis, Inc. Account, as per statement attached at. \$100.00 \$703,500.00 Mount Royal Club: Bond 4½% 100.00 1,000.00 Robt. McNish & Co. Limited: 72—20 Year Debentures par \$5.00 4.50 324.00 <hr style="width: 100px; margin-left: 0;"/> <u>\$704,824.00</u>	
40	INTEREST ACCRUED: On Mt. Royal Club Bonds, March 1st to 22nd 2.70 On Robt. McNish & Co. Limited Debentures, February 15th to March 22nd 2.13 <hr style="width: 100px; margin-left: 0;"/> <u>\$4.83</u>	

PLAINTIFFS' EXHIBIT P-55—6

ESTATE SIR MORTIMER B. DAVIS

ASSETS AS AT DATE OF DEATH—MARCH 22nd, 1928

		Value per share	
STOCKS:			
Sir Mortimer Davis, Incorporated:			
	44,625 shares par value \$100.00.....	Appraised	\$170.00 \$7,586,250.00
10	Liggett & Myers Tobacco Co.		
	3,300 Common		
	6,520 shares B stock		
	9,820	Market	108.00 1,060,560.00
Tobacco Products Co.:			
	5,000 shares.....	do	111.00 555,000
Victor Talking Machine:			
	6,000 shares.....	do	85.00 510,000.00
Wolf Advertising Co. Ltd., New York:			
	750 shares Pfd. 7% Par Value \$100.00.....	Appraised	74,960.94
Royal Bank of Canada:			
20	167 shares par \$100.00.....	Market	356.00 59,452.00
United Cigar Stores:			
	1,000 Tobacco Products "Scrip A".....	do	25.00 25,000.00
South American Platinum Corporation:			
	1,000 shares.....	do	3.00 3,000.00
Canadian Industrial Alcohol Co. Limited:			
	72 shares Common.....	do	41.00 2,952.00
	9 shares "B" stock.....	do	39.00 351.00
Forest & Stream Club:			
	8 shares 5% Permanent Stock.....	Estimated	100.00 800.00
Mt. Bruno Country Club:			
	15 shares par \$100.00.....	do	100.00 1,500.00
30	Elm Ridge Country Club:		
	25 shares par \$100.00.....	do	50.00 1,250.00
Prudential Trust Co.:			
	10 shares 7% Pfd. (No dividends paid).....	do	50.00 500.00
Toronto Bond Exchange:			
	2,000 shares par value \$10.00.....	do	1.00
Ryan Consolidated Petroleum Corporation:			
	200 shares no par value.....	Market	5.00 1,000.00
	Forward.....		<u>\$9,882,576.94</u>

Forward..... \$9,882,576.94

STOCKS—Continued

		Value per share	
40	Brought Forward.....		\$9,882,576.94
Mansfield Theatre Co. Limited:			
	41 shares par \$100.00.....	Estimated	25.00 1,025.00
Montreal Jockey Club:			
	10 shares par \$100.00.....	do	25.00 250.00
Travellers Club, Paris.:			
	2 shares.....	do	1.00
Laurentian Golf & Country Club:			
	10 shares par \$100.00.....	do	1.00

Exhibits.
P-55.
Letter to
Collector of
Succession
Duties from
E. W. H.
Phillips;
and pre-
liminary
return,
14th Sept-
ember 1928
—continued.

Exhibits. — P-55. Letter to Collector of Succession Duties from E. W. H. Phillips; and pre- liminary return, 14th Sept- ember 1928 — <i>continued.</i>	10	Crescent Lorraine Silver Mining Co. Ltd.: 375,000 shares par \$1.00..... Estimated 1.00 Shamrock Silver Co. Limited: 872,749 shares par \$1.00..... do 1.00 North American Cobalt Refining Co. Ltd.: 13 shares par \$100.00..... do 1.00 Davis Silver Cobalt Mines Ltd.: 20,000 shares par \$1.00..... do 1.00 Apex Porcupine Mines Ltd.: 833 shares par \$1.00..... do .02 16.66 <hr style="width: 100%;"/> <u>\$9,883,875.60</u>
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PLAINTIFFS' EXHIBIT P-55—7

ESTATE SIR MORTIMER B. DAVIS

ASSETS AS AT DATE OF DEATH—MARCH 22nd, 1928

20	ACCOUNTS RECEIVABLE: Sir Mortimer Davis Incorporated: (Including interest on Serial Notes)..... \$163,340.51 Howard Clark..... 1,654.08 Sundry Accounts re Belvoir Farm..... 75.24 <hr style="width: 100%;"/> <u>\$165,069.83</u>
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PLAINTIFFS' EXHIBIT P-55—8

30

ESTATE SIR MORTIMER B. DAVIS

FUNERAL EXPENSES

40	Lot in Mt. Royal Cemetery..... \$ 4,320.00 Funeral expenses as reported by Lady Davis..... Frs. 27,490. 1,083.10 Brearley & Bascoul, Cannes, embalming..... 30,800. 1,203.52 Bernard J. Lane, Paris..... guineas 5,075. 25,933.25 Campbell Funeral Church, Inc., New York..... 87.00 Mt. Royal Cemetery Co., Montreal..... 51.00 Wm. Wray, Inc., Montreal..... 1,475.00 Sunny Bank Hospital, Cannes..... 10.45 A. Hersey, expenses to Cannes, etc., £122/..... \$ 593.73 A. Hersey, passage to New York..... 314.50 M. B. Davis, passage to New York..... 1,210.00 Expenses meeting Aquitania at Cherbourg, etc..... 715.60 Tender taking body to Mauretania..... frs. 6,800.00 Hotel Paris..... 9,580.10 Baggage..... 270.50 Salon to Cherbourg..... 400.00
----	---

	Rail tickets to Cherbourg.....	755.25	
	George, Chauffeur.....	4,000.00	
	Police at Cannes.....	500.00	
	Gratuities at Paris.....	1,050.00	
	W. J. Taylor.....	25,000.00	
		<u>41,555.85</u>	1,637.30
	D. & H. R.R. Lord Shaughnessy, tickets to New York to meet body.....	39.87	
	Expenses to New York, transportation to Montreal, etc..	295.15	
			<u>5,074.07</u>
10	Abrahams Bros., chauffeur's coat and cap, W. Godsall...	52.50	
	H. Morgan & Co., Gloves, W. Godsall.....	3.50	
			<u>56.00</u>
	Lady Davis, passage to New York.....	844.00	
	Other expenses Lady Davis and A. Hersey to Montreal..	1,256.00	
			<u>2,100.00</u>
	Expenses of opening up house for funeral:		
	W. Godsall, for help, etc.....	53.50	
	do do.....	43.00	
	do do.....	92.00	
	do do.....	50.90	
	do do.....	157.00	
20	C. S. Loutit.....	12.00	
	Montreal Light, Heat & Power.....	11.34	
	Ice. Mfg. Co. Ltd.....	23.98	
	Guaranteed Pure Milk Co.....	26.16	
	Stanfords, Ltd.....	74.44	
	Hy. Gatehouse & Sons.....	74.98	
	Hy. Morgan & Co.....	18.50	
	Walter Paul Ltd.....	184.76	
	Crown Laundry Co.....	18.08	
	Br. American Dyeing Co.....	10.50	
	Brysons Limited.....	2.50	
	Sundries.....	15.08	
30	Imperial Tobacco Co.....	19.76	
			<u>888.48</u>
	Lady Davis, passage New York to Cherbourg.....		944.00
			<u>\$43,225.87</u>
	Estimated for Monument.....		5,000.00
	Estimated for Temple Emanu-El.....		1,000.00
			<u>\$49,225.87</u>

Exhibits.

P-55.
Letter to
Collector of
Succession
Duties from
E. W. H.
Phillips;
and pre-
liminary
return,
14th Sept-
ember 1928
—continued.

PLAINTIFFS' EXHIBIT P-55—9

ESTATE SIR MORTIMER B. DAVIS

LIABILITIES AS AT DATE OF DEATH—MARCH 22nd, 1928

		ACCOUNTS PAYABLE:			
		Bamberger Bros., New York.....		\$1,348,391.77	
		Receiver General of Canada:			
Exhibits.		Balance Income Tax 1920 and Interest accrued.....	\$34,885.10		
—		do 1921 do	43,811.59		
P-55.		do 1925 do	584.71		
Letter to	10	do 1926 do	341.40		
Collector of				79,622.80	
Succession		Mr. Zographos, Paris, Frs. 313,000 at \$3.94		12,332.20	
Duties from		Dr. Levy-Bing, Paris		5,000.00	
E. W. H.		J. Chaumet, Paris, Frs. 14,000		551.60	
Phillips;		Mr. Henri Higgins, Paris, Frs. 12,882.75		505.22	
and pre-		Davies & Son, Paris, £100/14/		490.00	
liminary		H. Count, Chantilly, Frs. 28,779.70		1,134.71	
return,		G. Valard, Chantilly, Frs. 510		20.09	
14th Sept-		Frank Keogh, Chantilly, Jockey Contract to Nov. 15/28, £1,500 at			
—continued.		\$4.86 2/3		7,300.00	
		Madam Audrian, Paris, Frs. 100		3.94	
	20	Lucien Stable, Cannes, Frs. 284,775		11,220.13	
		Societe d'Encouragement, Frs. 7,880		310.47	
		John Taylor & Sons, Cannes:			
		Gas and Electric, Jan. Frs. 1,853.80			
		do Feb	1,712.55		
		do Mar	1,870.80		
		Grosse, upholsterer	3,633.80		
		Fouches, druggist	144.40		
			9,215.35	363.08	
		Dr. Dane Hurlburt, Cannes		75.00	
		Charles Cairaschi, Cannes, Frs. 2,800		110.32	
	30	Dr. P. Gaudin, Cannes, Frs. 3,500		137.90	
		Brearley & Fascoul, Cannes, Frs. 4,227		166.54	
		Servants accounts at Cannes, Frs. 52,024		2,049.75	
		Howard Clark, Cannes		90.00	
		F. G. Allen, Cannes		110.00	
		Sundry Accounts, Ste. Agathe		1,700.00	
		Wm. Godsall, Montreal		196.90	
		D. A. Bathune, Montreal		5.24	
		Montreal Light, Heat & Power, Montreal		12.00	
		Morgan Trust Co., Montreal		21.83	
		Wm. Ewing Co. Ltd., Montreal		16.10	
		Hy Morgan & Co., Montreal		13.00	
	40	Hague & Hague, Montreal		375.00	
		Geo. W. Reed & Co., Montreal		1,282.00	
		Imperial Tobacco Co., Montreal		85.36	
				\$1,473,693.45	
		SUBSCRIPTIONS:			
		Y M. H. A. Balance of subscription	\$290,000.00		
		Joint Hospital Campaign subscription	7,500.00		
				297,500.00	
				<u>\$1,771,193.45</u>	

PLAINTIFFS' EXHIBIT P-56

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

QUEBEC SUCCESSION DUTY ACT, CAP 29 R.S.Q., 1925

Exhibits.
—
P-56.
Supple-
mentary
return under
Succession
Duty Act re
annuitants,
&c.,
24th Sept-
ember 1928.

I, ALEXANDER M. REAPER, of the City of Montreal, Secretary, one of the three trustees and Executors of and under the Last Will of the late Sir Mortimer B. Davis, in his lifetime of Montreal aforesaid, Knight, said Will executed at London in England on the Thirtieth day of November, Nineteen hundred and twenty-seven, in the presence of three witnesses and proved in the Superior Court at Montreal on the Eighteenth day of April last (1928) the Testator having died at Cannes in France on the Twenty-Second day of March last (1928), supplementing my sworn declaration of the fourteenth instant of the Assets and Liabilities and Beneficiaries of the deceased, being duly sworn, make oath and say:

20 That the postal addresses of the Declarant and the Trustees and Executors under the said Will were given in the said Declaration.

That the names and surnames of each of the persons who received any property of the deceased as Legatees, Heirs, Beneficiaries of insurance or as Beneficiaries under Deed of Donation made in contemplation of death or gratuitous disposition made or taking effect within three years preceding the death of deceased, and the degree of relationship of each of said persons to the deceased, and the nature and value of their respective interests (with the age of annuitants in case of annuities) were set forth in said Declaration.

30 That the residences, occupations and postal addresses, as far as known, of such persons are as follows:

	Name	Occupation	Present Postal Address
	Lady Eleanor Davis		Villa les Glaieuls, Golfe Juan, Alpes Maritimes, France
	Mortimer B. Davis	Gentleman	16 Blvd. Maillot, Neully, sur Seine, Paris, France.
40	Melvin H. Davis	Retired	Kel-Mor Apartments, 4401 Atlantic Ave., Atlantic City, N.J.
	Mrs. M. E. Davis		Apartment E-20, Chateau Apartments, Montreal, Que.

Name	Occupation	Present Postal Address
Ned Davis (Maurice Edward).....	Manager.....	1489 Atwater Ave., Montreal, Que.
Muriel Davis (Mrs. C. N. Cowan).....		169 Peachtree Circle, Atlanta, Ga.
10 Lilly Davis (Mrs. T. P. Cochran).....		3493 Atwater Ave., Montreal, Que.
Samuel Davis.....	Mining Engineer	Thetford Mines, Que.
Mrs. Virginia Vehon.....		556 Shoemaker Road, Elkins Park, Pa.
Albert Nathan.....	Retired.....	159 de Castelneau Rd. Montreal, Que.
William Godsall.....	Chauffeur.....	3579 Peel Street, Montreal, Que.
Mrs. William Godsall.....		Montreal, Que.
Frank Matthews.....	Retired.....	22 Felmar Road, Enfield, Middlesex, England.
20 Frank Allan.....	Retired.....	Recently retired, no set- tled address as yet. c/o. Lloyds Bank, Weald- stone Branch, Middlesex, England.
Mrs. Frank Allan.....		do
Miss Catherine O'Hara.....	Nurse.....	Kel-Mor Apartments, 4401 Atlantic Ave., Atlantic City, N.J.
30 Lord Shaughnessy.....	President.....	3547 Peel Street, Montreal, Que.
Howard Clark.....	Chauffeur.....	Ste. Agathe, Que.
Montreal General Hospital.....		Montreal, Que.
Federation of Jewish Philanthropies.....		Montreal, Que.
Notre Dame Hospital.....		Montreal, Que.
Young Men's Hebrew Association.....		Montreal, Que....

Payments to House Servants as authorized by the Will to be made by Lady Eleanor Davis were made to servants at Montreal and Ste. Agathe, Que.

40 And I have signed.

A. M. REAPER.

Sworn before me at the City of Montreal this twenty-fourth day of September, Nineteen hundred and twenty-eight,

F. FLANAGAN, Com. of Sup. Court.

Exhibits.
P-56.
Supple-
mentary
return under
Succession
Duty Act re
annuitants,
&c.,
24th Sept-
ember 1928
—continued.

Exhibits.
 P-56.
 Supplementary
 return under
 Succession
 Duty Act *re*
 annuitants,
 &c.,
 24th Sept-
 ember 1928
 —continued.

PLAINTIFFS' EXHIBIT P-56—1
 ESTATE SIR MORTIMER DAVIS, INCORPORATED

ANNUITANTS	Amount per annum	Date of Birth	Age last Birth-day	Relationship
Lady Eleanor Davis	\$67,000.00	October 7, 1889	38	Wife
Mortimer B. Davis	67,000.00	December 3, 1900	27	Son
Melvin H. Davis	9,600.00	January 26, 1869	59	Brother
Mrs. M. E. Davis	7,200.00	July 1, 1868	59	Sister-in-law
Samuel Davis	5,000.00	November 25, 1895	32	Nephew
Ned Davis (Maurice Edward)	10,000.00	February 23, 1896	32	Nephew
Muriel Davis (Mrs. C. N. Cowan)	5,000.00	May 30, 1897	30	Niece
Lily Davis (Mrs. T. P. Cochran)	5,000.00	June 6, 1904	23	Niece
Mrs. Virginia Vehon	1,200.00	March 28, 1850	77	Aunt
Albert Nathan	1,200.00	November 5, 1848	79	Stranger
William Godsall (if not employed by Sir Mortimer or Lady Davis)	900.00	December 19, 1875	52	Stranger
Mrs. William Godsall (if survives her husband)	900.00	September 5, 1879	48	Stranger
Frank Matthews	1,200.00	April 1, 1857	70	Stranger
Frank Allan	1,200.00	June 18, 1872	55	Stranger
Mrs. Frank Allan (if survives her husband)	1,200.00	August 26, 1875	52	Stranger
Miss Catherine O'Hara (after death of Melvin H. Davis)	2,400.00	March 27, 1885	42	Stranger
OTHER BEQUESTS				
Mortimer B. Davis	Amount 18,667.50	Jewelry		Son
Lady Eleanor Davis	257.28	Cash on person of Sir Mortimer (Fr. 6,530 at \$3.94)		Wife
Lord Shaughnessy	1,000.00			Stranger
William Godsall	2,000.00			Stranger
Frank Allan	2,000.00			Stranger
Howard Clark	1,000.00			Stranger
House Servants	3,800.00			Stranger
Montreal General Hospital	100,000.00			Stranger
Federation of Jewish Philanthropies, Montreal	100,000.00			Stranger
Notre Dame Hospital	100,000.00			Stranger
Young Men's Hebrew Association	100,000.00			Stranger
Mortimer B. Davis	One-half of residue of Estate, but subject to terms of Will			Stranger
Lady Eleanor Davis	do.			Son
	do.			Wife

DEFENDANTS' EXHIBIT D-69

MONTREAL, October 4th, 1928.

10 A. M. Reaper, Esq.,
Trustee and Executor,
Est. Sir Mortimer B. Davis,
Canada Cement Building,
Phillips Square,
City.

Exhibits.

D-69.

Letter
to A. M.
Reaper from
E. W. H.
Phillips,
14th Octo-
ber 1928.

Dear Mr. Reaper,

RE: INSURANCE POLICIES

20 I beg to enclose Mr. Senecal's letter to me of the 4th instant, enclosing copy of Mr. Begin's letter to him, dated the 1st instant, and also informal office copies of your Affidavits regarding the above policies on the 26th July and 26th August last.

30 Your Affidavit of the 5th July referred to in Mr. Begin's letter should not have been sent to Quebec as it was replaced and cancelled by your Affidavit of the 28th July, as specially stated in my letter of the 30th July to the Succession Duty Office here. I notice that Mr. Begin's letter does not refer to your Affidavit of the 25th August, and telephoned Mr. Senecal in regard to both these points. He has just telephoned me that the Declaration of 25th August was sent.

40 Mr. Begin's letter says in effect that the extract from the Agreement between the deceased and Sir Mortimer B. Davis, Incorporated, dated 13th (?30) September (?1919) mentions two policies transferred but that only one of these policies is mentioned in your Declarations. The other policy I see is No. 92386 for \$15,000 in the North American Life and perhaps this had been paid off before the death of the deceased. Mr. Begin, you will notice, required a copy of the above agreement, particularly the part which enumerates the different policies.

' Will you kindly return the enclosed letters.

Yours very truly,

E. W. H. PHILLIPS.

MONTREAL, October 4th, 1928

Mr. E. W. H. Phillips, Notary.
360 St. James,
Montreal.

Dear Sir,

10 RE: INSURANCE POLICIES OF THE ESTATE OF
SIR MORTIMER B. DAVIS

The Comptroller of Provincial Revenue is not satisfied of the documents filed inasmuch as they do not establish how Sir Mortimer B. Davis Incorporated became beneficiary of each of these policies.

I enclose an extract of the Comptroller's letter so that you may let us have exactly what is asked for by the Comptroller.

20 Yours truly,

COLLECTOR OF PROVINCIAL REVENUE,

OSCAR SENEAL.

QUEBEC, 1 Octobre, 1928.

30 Monsieur Oscar Senecal,
Percepteur du Revenu,
Montreal, Que.

Cher Monsieur,

RE: SUCCESSION SIR MORTIMER B. DAVIS

Je suis a etudier la question d'exigibilite des droits au cas de certaines polices d'assurances, et entr'autres celles de Sir Mortimer B. Davis. Je constate que la documentation que vous m'avez envoyee le 28 aout n'est pas complete.

Exhibits.

D-69.

40 Letter
to A. M.
Reaper from
E. W. H.
Phillips,
14th Octo-
ber 1928—
continued.

Il y a bien deux declarations de M. Reaper, une du 5 Juillet 1928 et l'autre du 25 Juillet 1928, etablissant qu'il y a huit polices d'assurances au sujet desquelles il s'agit d'etudier la question des droits. J'ai aussi un extrait d'une convention entre le decede et la compagnie Davis, en date du 13 septembre, indiquant deux polices d'assurances qui ont ete transportees a cette compagnie pour consideration, mais sur ces deux polices, je n'en vois qu'une seule qui soit indiquee dans

les declarations de M. Reaper. Il reste donc a s'assurer comment Sir Mortimer B. Davis Inc. est devenu beneficiaire. Il a ete produit a ce sujet un extrait d'une assemblee des directeurs de cette compagnie, tenue le 26 septembre 1919, mais dans des polices dont font allusion les declarations de M. Reaper. Cependant, il est dit dans cet extrait qu'un projet de contrat a ete prepare, qui donne la liste des stocks, debentures, proprietes, polices d'assurances et autres actifs qui font l'objet de la vente y mentionnee. Avant de pouvoir decider d'une facon definitive si ces differentes polices sont sujettes a l'imposition des droits, il m'importe d'avoir une copie de ce contrat, surtout la partie qui enumere les differentes polices qui ont ete transportee par ce contrat par Sir Mortimer B. Davis a la compagnie Sir Mortimer B. Davis Incorporated. Veuillez donc me procurer copie de ce contrat et me l'envoyer, et je puis vous assurer que je pourrai vous donner une reponse definitive au sujet de ces assurances aussitot que j'aurai recu ce document.

Exhibits.

D-69.

Letter
to A. M.
Reaper from
E. W. H.
Phillips,
14th Octo-
ber 1928—
continued.

10

20

DEFENDANTS' EXHIBIT D-70

Quebec, October 23rd, 1928.

Rt. Hon. Lord Shaughnessy, K.C.,
Vice-President,
Sir Mortimer Davis, Incorporated,
Canada Cement Building,
Montreal, Que.

D-70.

Letter
to Lord
Shaugh-
nessy from
Mr. Begin,
3rd October
1928.

30

Dear Lord Shaughnessy:— RE:—Sir Mortimer Davis Estate.

I acknowledge receipt of yours of the 20th instant, and thank you for the information it contains.

There is, however, one point in connection with those insurance policies which I consider important, and about which I have no proper information. What purpose did Sir Mortimer B. Davis have in view when he insured his life and transferred the policies to certain concerns he was interested in? In other words, what was the object which he had in view when he insured his life and transferred the policies?

40

In connection with the shares which the estate has in the Sir Mortimer B. Davis Incorporated, we desire some information, in order to verify the value which you have declared them at; for instance, a statement of the assets and liabilities of that company, an inventory of its assets, the municipal value of its real estate, a state-

Exhibits.

—
D-70.

Letter
to Lord
Shaugh-
nessy from
Mr. Begin,
3rd October
1928—*con-
tinued.*

ment of the gross and net profits of the company for five years prior to his death, or since the company has been incorporated.

I expect to be in Montreal Wednesday of next week, and will be pleased to meet you in connection with that Estate, and have the information which I am asking for by this letter. I will spend the whole forenoon of Wednesday in our Revenue Offices, 445 St. Gabriel Street.

Yours very truly,

10

THE COMPTROLLER OF PROVINCIAL REVENUE,
J. A. BEGIN.

DEFENDANTS' EXHIBIT D-71

20

Quebec, October 27th, 1928.

Rt. Hon. Lord Shaughnessy, K.C.,
Vice-President,
Sir Mortimer Davis, Incorporated,
Canada Cement Building,
Montreal, Que.

D-71.
Letter
to Lord
Shaugh-
nessy from
Mr. Begin,
27th Octo-
ber 1928.

Dear Lord Shaughnessy:— RE: Sir Mortimer Davis Estate.

30

In further reference to mine of October 23rd, I beg to inform you that I will be in Montreal next Friday, the 2nd of November, and will be pleased to meet you between 9 and 12 in the forenoon, at the Provincial Revenue Offices, 445 St. Gabriel Street.

Yours very truly,

THE COMPTROLLER OF PROVINCIAL REVENUE,

40

J. A. BEGIN.

PLAINTIFFS' EXHIBIT P-57

MONTREAL, January 7th, 1929

Exhibits.

P-57.

Letter
to A. M.
Reaper from
Oscar
Senecal,
7th January
1929.

Mr. A. M. Reaper,
Secretary Treasurer,
Sir Mortimer Davis Inc.,
Canada Cement Building,
Montreal.

10 Dear Sir,

Mr. Eugene Rivard, advocate, is a member of our staff.

Will you please let him have the information and documents he will ask you for our office.

Yours truly,

COLLECTOR OF PROVINCIAL REVENUE,
OSCAR SENECAI.

The bearer is Mr. Rivard.

20

OSCAR SENECAI.

DEFENDANTS' EXHIBIT D-21

Montreal, January 10th, 1929.

A. M. Reaper, Esq.,
c/o Sir Mortimer B. Davis Inc.,
Canada Cement Bldg.,
Montreal.

30

Dear Sir:— Re: Estate of late Sir Mortimer B. Davis.

With further reference to the above matter, I would appreciate your supplying me, at your earliest convenience, with authentic copies of the deeds and contracts mentioned in your preliminary statement, dated the 14th day of September 1928 already filed with this department, and being referred to as documents a, b, c, d, e, f, g, h, in your remarks to the above mentioned statement.

40

Will you please kindly forward me, at the same time, a sworn declaration or statement stating:

1o. When the lot in Mount Royal Cemetery was purchased and when it was paid for:

2o. The names, surnames and addresses of all Sir Mortimer B. Davis' brothers and sisters surviving him:

D-21.
Letter to
Estate from
Mr. Rivard,
10th January
1929.

3o. Which of Sir Mortimer B. Davis' brothers and sisters were indebted unto him at the time of his death, what was the amount of such indebtedness or indebtednesses, the nature thereof, the date it or they were contracted for, the rate of interest and the amount of interest accrued at the time of Sir Mortimer B. Davis' death, on said debts, if any;

10 4o. A list of all properties, real and personal, included in Lady Davis' enjoyment or usufruct, as appears by article 7 of Sir Mortimer B. Davis' last will. The real value of said properties ought to be ascertained item by item, inasmuch as this is possible.

5o. The monies or cash which Sir Mortimer B. Davis had standing in his name, at the time of his death, in any bank or banks in France;

6o. The names, surnames and addresses of the persons to whom Sir Mortimer B. Davis was, at the time of his death, paying or serving annuities or gratuities, and the total amounts or sums paid over to such persons during the 3 years previous to Sir Mortimer B. Davis' death;

20 7o. The total amount Sir Mortimer B. Davis subscribed to in favor of the Y.M.H.A., and the date said subscription was agreed to and signed by Sir Mortimer;

8o. The total amount Sir Mortimer B. Davis subscribed to in favor of the Joint Hospital Campaign, and the date said subscription was consented and signed by Sir Mortimer B. Davis;

9o. Whether or not the United Cigar Stores' 1,000 Tobacco Products "Scrip A", being the 7th item of the list of stocks held by Sir Mortimer B. Davis, include the 500 Tobacco Products "Scrip A" included in Messrs. Bamberger Brothers' account;

30 10o. Whether the Union Tobacco Company and Union Cigar Company, stocks of which are held by the Sir Mortimer B. Davis Incorporated, are Canadian or American concerns.

The above mentioned information will greatly assist and help this department in the settlement of the above estate. We know you are very anxious of having the proper discharges from this Department; we also wish to see this matter settled within the shortest delay possible.

40 Thanking you in anticipation for your kind attention,

I remain,

Yours very faithfully,

COLLECTOR OF PROVINCIAL REVENUE,

Per: Eugene Rivard,
Advisor.

Exhibits.

D-21.

Letter to
Estate from
Mr. Rivard,
10th Janu-
ary 1929—
continued.

DEFENDANTS' EXHIBIT D-22

January 19th, 1929.

Eugene Rivard, Esq.,
Advisor,
Collector of Provincial Revenue,
Montreal, Que.

10 Dear Sir

Referring to your letter of the 10th inst. we now give you particulars asked for as follows:

(1) The lot in Mount Royal Cemetery was purchased by the late Sir Mortimer Davis and paid for by him on November 27/18. While this has been shown as an asset of this Estate you will notice that it has also been included in the funeral expenses and included on the liabilities side so that the one entry really offsets the other.

20 (2) Sir Mortimer had only one brother surviving him, viz: Melvin H. Davis, who was shown in returns as residing in Atlantic City but who is now at the Foster Hotel, Dansville, N.Y., and one sister, Mrs. Lustgarten (Beatrice Davis) at present at the Ritz Carlton Hotel, Montreal.

3. Neither brother nor sister were indebted to Sir Mortimer at the time of his death.

4. Full particulars of all assets in France have been asked for and statements are being prepared—as soon as these are received we
30 will give you the information asked for.

5. At the date of his death, Sir Mortimer had a debit balance in his account at Cannes with the Lloyds & National Provincial Foreign Bank Limited of Frs 1,114,579.65 and a debit balance with their Paris house of Frs 513,718.20. There was found in his box at the Casino at Cannes, Frs 932,755, which were deposited to the credit of Sir Mortimer by Mr. Taylor, the British Vice Consul, so that the net debit balance amounted to Frs 695,542.85. Confirming this we
40 enclose herewith copy of translation of a letter from the Lloyds & National Bank in Paris, dated June 12/28, which was forwarded by our solicitors there.

6. Attached you will find list of parties to whom Sir Mortimer at the time of his death had been paying gratuities, which list shows the amount paid to such persons during the three years previous to Sir Mortimer's death.

7. Sir Mortimer B. Davis did not really make a subscription to the Y.M.H.A., but in September 1926 agreed to secure the land and

Exhibits.
—
D-22.
Letter to
Mr. Rivard
from Estate,
19th Janu-
ary 1929.

erect a building which, on completion, would be turned over to trustees to be decided upon for their use under certain conditions. The total cost is estimated to be approximately \$400,000. This building is now in course of erection.

8. The total amount of subscription to the Joint Hospital Campaign was \$10,000 and was made in May 1927, when the first payment of \$2,500 was made.

9. The 1,000 Tobacco Products Scrip A of United Cigar Stores include 500 Tobacco Products Scrip A shown in Messrs Bamberger Bros. account, the other 500 had been declared as a dividend prior to the death of Sir Mortimer but the stock had not been delivered at the date of his death, which accounts for it not being shown on the Bamberger Bros. statement.

10. The Union Tobacco Company and the Union Cigar Company stocks which are held by Sir Mortimer Davis, Incorporated are both American concerns. We are trying to secure a copy of the statements of these Companies for you.

20

Yours very truly,

FOR THE EXECUTORS ESTATE LATE SIR MORTIMER B. DAVIS,

A. M. REAPER,

Executor.

Sworn before me at the
City of Montreal, this
nineteenth day of Jan-
uary, Nineteen hun-
dred and twenty-nine.

30

IVAN BISSONNETTE,

Notary.

TRANSLATION

LLOYDS & NATIONAL PROVINCIAL FOREIGN BANK LIMITED

43 Boulevard des Capucines

40

PARIS, June 12, 1928

Exhibits.

Messrs. Harper, Slapka & Harper,

In reply to your letter of the 11th, we beg to advise you that the balance due on the date of the death of Sir Mortimer Davis to our Cannes Agency amounted to:

Francs 1,091,947.35 Debitor

D-22.
Letter to
Mr. Rivard
from Estate,
19th Janu-
ary 1929—
continued.

To the above figure there must be added Francs 18,257.35, the amount of commission and accrued interest to the day of death, as well as francs 4,375, the amount of four cheques paid after the death.

Our Cannes agency will therefore declare to the Registration Office as the amount of debit due on the day of death the sum of francs 1,114,579.65. It will also advise that under date of March 31st an amount of francs 932,755 was paid in by Mr. Taylor, British Vice Consul, for deduction from the amount debtor.

10 The balance due to our Paris house is

Francs 513,718.20 Debitor

the figure which we will declare to the Registration Office.

This figure is arrived at by the deduction of the sum of Francs 49,702.30, balance creditor, including interest on Account No. 16,003 from Francs 563,420.50, which represents the balance debtor, including interest on Account No. 16,255.

20

Yours very truly,

Director.

Exhibits.

D-22.
Letter to
Mr. Rivard
from Estate,
19th Janu-
ary 1929—
continued.

30

40

Exhibits.
 ———
 D-22.
 Letter to
 Mr. Rivard
 from Estate,
 19th Janu-
 ary 1929—
continued.

DEFENDANTS' EXHIBIT D-22—1

LIST OF GRATUITIES BEING PAID BY SIR MORTIMER B. DAVIS AT THE
 TIME OF HIS DEATH

					Nos.	Amount
M. H. Davis	Apr. 1/25 to July 1/25	Brother	\$600.00	per mo.	4	\$ 2,400.00
do	Aug. 1/25 " "	do	800.00	do	32	25,600.00
Mrs. M. E. Davis	Apr. 1/25 " "	Sister-in-law	600.00	do	36	21,600.00
Mrs. M. H. Davis	Oct. 1/27 " "	do	300.00	do	6	1,800.00
Mrs. Virginia Vehon	Oct. 1/27 " "	Aunt	100.00	do	6	600.00
Mrs. Celia Cohen	Nov. 1/27 " "	Aunt	100.00	do	5	500.00
6452 Dorchester Ave., Chicago, Ill.						
M. E. Davis	Apr. 1/25 " "	Nephew	250.00	do	18	4,500.00
do	Oct. 1/26 " "	do	325.00	do	18	5,850.00
Samuel Davis	Apr. 1/25 " "	Nephew	248.33	do	30	7,449.90
do	Oct. 1/27 " "	do	416.66	do	6	2,499.96
Mrs. M. D. Cowan	Apr. 1/25 " "	Niece	400.00	do	36	14,400.00
(Muriel Davis)						
Mrs. T. P. Cochran	Oct. 1/25 " "	Niece	150.00	do	16	2,400.00
(Lilly Davis)	Feb. 1/27 " "	do	416.66	do	14	5,833.24
A. Nathan	Apr. 1/25 " "	Not related	22.31	per wk.	312 wk.	6,970.72
Mrs. E. O'Grady	do	do	20.00	do	do	6,240.00
3962 St. Denis St., Montreal						
Frank Matthews	Sept. 1-27 " "	do	100.00	per o.m	7 mos.	700.00

\$109,343.82

DEFENDANTS' EXHIBIT D-23

Montreal, January 19th, 1929.

Eugene Rivard, Esq.,
Advisor,
Collector of Provincial Revenue,
Montreal, Que.

Exhibits.
—
D-23.
Letter to
Mr. Rivard
from Estate,
19th Janu-
ary 1929.

10 Dear Sir: RE ESTATE SIR MORTIMER B. DAVIS

As requested by Mr. J. E. Begin in my last interview with him, I now give you particulars regarding the stocks of various Companies held by Sir Mortimer Davis, Incorporated, as per statement of March 31, 1928.

CRESCENT LORRAINE SILVER MINING CO. LIMITED

20 499,950 shares of a par value of \$1 each were purchased in October 1923 for \$21,567.74. Statement of this Company as of March 31/28 is enclosed. The property is not being operated, there is no plant and the Mining Property, Rights, etc. have apparently been paid for in stock of the Company. This book value is very much above present value which we are advised would not exceed \$5,000 to-day. With no funds on hand, the shares are practically of no value.

CROESUS GOLD MINES LIMITED

30 The 9,000 shares of a par value of \$1. were included in assets transferred by Sir Mortimer Davis to Sir Mortimer Davis, Incorporated on the incorporation of that Company and a value of \$9,000 was placed on them. This property looked promising for a time but values did not continue with development. Statement of Company as at August 31/28 is enclosed, which you will notice shows a deficit of \$130,264.85. The book values of the properties have not been proven and we are informed would not exceed \$10,000 now. The mine has not been operated for a number of years. The stock has, therefore, no market value.

GENERAL CIGAR CO. LIMITED

40 This Company was an amalgamation of S. Davis & Sons Ltd., H. Fortier & Co. Ltd., and Brener Ltd., the control of which was sold to the Imperial Tobacco Co. Limited. The book value of the 852 shares of Preferred stock was \$85,200. and of the 6422 shares of Common stock \$394,980. Copy of statement of the Company as at September 30/27 is enclosed, from which you will notice an operating loss for the year and total deficit of \$910,167.52. There were bonds outstanding to the amount of \$2,700,000. and in the assets were included Goodwill, Trade Marks and Patents at \$2,407,500.72.

The Cumulative Dividend on the Preferred, not having been earned could not be paid and was over six years in arrears, actually $43\frac{3}{4}\%$ at date of statement. There would, therefore, appear to have been no equity behind the shares, either Preferred or Common.

TRANS-CANADA THEATRES

10 4,000 shares of Preferred carrying a bonus of 2,400 shares of Common were purchased for \$90,000 in 1919. Have since assigned. Nothing left for shareholders.

UNION TOBACCO COMPANY

The 10,000 shares Common stock we hold were purchased in October 1927 at a cost of \$249,765.63. This is an American Company and we are endeavouring to get a copy of their last statement. Clipping from Wall St. Journal of December 28/28 is attached.

UNION CIGAR COMPANY

20 Stock in this Company was offered to shareholders of the Union Tobacco Co. in proportion of 1 share of par value of \$5. for each share held. We took up our allotment of 10,000 shares and at date of statement had paid the first call of \$2. per share, which, with exchange, amounted to \$20,043.75. Is an American Company and we are trying to get a copy of their statement.

ANGLO-SCOTTISH AMALGAMATED CORPORATION LIMITED.

30 This is an English investment Company and the stock was purchased by us on February 15/28, the value shown being our cost. Statement of the Company as at September 30/27 is enclosed.

HARBENS LIMITED

Is an artificial silk factory in England and the shares held are First Preference, on which at the date of our statement, March 31/28, dividends had been paid up to April 30/26. The stock held is shown at par, which was the cost to us. Statement of the Company as at April 30/28 is enclosed.

DOMINION REDUCTION COMPANY LIMITED

40 We have asked for a copy of the last statement of this Company and when same is received, will send you particulars of these shares.

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED.

A. M. REAPER, Secretary-Treasurer.

Exhibits.

D-23.

Letter to
Mr. Rivard
from Estate,
19th January 1929—
continued.

DEFENDANTS' EXHIBIT D-24

Montreal, January 21st, 1929.

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

Dear Sir: RE: Estate Sir Mortimer Davis

10 I acknowledge receipt with thanks of your communication dated the 19th inst. enclosing the information asked for by Mr. Begin in his last interview with you and part of the particulars I asked you for on the 10th inst.

Exhibits.

D-24.
Letter to
Estate from
Mr. Rivard,
21st Janu-
ary 1929.

Will you please let me know at your earliest convenience whether item one of Exhibit "C" to the statement of Assets and Liabilities, as at March 31st, 1928, of the Sir Mortimer Davis, Incorporated, being for Real Estate in Notre Dame de Grace, covers but one lot or property, or many of them, and also state their cadastral numbers and respective valuation.

Thanking you in anticipation for your kind attention, I am,

20

Yours very faithfully,

THE COLLECTOR OF PROVINCIAL REVENUE,
Per: EUGENE RIVARD,
Advisor.

DEFENDANTS' EXHIBIT D-25

Montreal, January 22nd, 1929.

30 Eugene Rivard, Esq.,
Advisor,
Collector of Provincial Revenue,
Montreal, Que.

Dear Sir:

40 We are in receipt of your favor of the 21st inst. and in reply to your inquiry regarding Real Estate owned by Sir Mortimer Davis, Incorporated, in Notre Dame de Grace, would advise that this property consisted of Sub-divisions 2, 3 and 4 of Cadastre 52, situated on Decarie Blvd. and part of sub-divisions 47 and 48 of Cadastre 52, situated on Colbrooke Ave. The 1927 Assessment of the City of Montreal showed these lots as valued at \$10,750.

D-25.
Letter to
Mr. Rivard
from Estate,
22nd Janu-
ary 1929.

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED,
A. M. REAPER,
Secretary-Treasurer.

DEFENDANTS' EXHIBIT D-26

Montreal, January 28th, 1929.

Eugene Rivard, Esq.,
Advisor,
Collector of Provincial Revenue,
Montreal, Que.

RE YOUR FILE No. 6408.

10 Dear Sir:

With further reference to your favor of the 10th inst., I now hand you herewith notarial copies of Deeds and Documents mentioned in our preliminary statement of September 14th, 1928, and referred to as documents "a", "b", "c", "d", "e", "f", "g", and "h" in said statement.

Yours very truly,

FOR THE EXECUTORS ESTATE SIR MORTIMER B. DAVIS,

20

A. M. Reaper,
Executor.

DEFENDANTS' EXHIBIT D-27

Montreal, January 28th, 1929.

A. M. Reaper, Esq.,
30 Sir Mortimer Davis, Inc.,
Montreal, Que.

RE ESTATE SIR MORTIMER B. DAVIS.

Dear Sir:

I acknowledge receipt of your communication of even date, enclosing authentic copies of the documents mentioned in your statement of September 14th, 1928, and referred to as documents "a", "b", "c", "d", "e", "f", "g", and "h".

40 Thanking you for same, I remain,

Yours very truly.

THE COLLECTOR OF PROVINCIAL REVENUE,

Per: Eugene Rivard,
Advisor.

Exhibits.

—
D-26.
Letter to
Mr. Rivard
from Estate,
26th Janu-
ary 1929.

D-27.
Letter to
Estate from
Mr. Rivard,
28th Janu-
ary 1929.

DEFENDANTS' EXHIBIT D-28 (a)

Montreal, January 30th, 1929.

Eugene Rivard, Esq.,
Advisor,
Collector of Provincial Revenue,
Montreal, Que.

10 RE ESTATE SIR MORTIMER B. DAVIS.

Dear Sir:

Referring to our letter of the 19th inst., we have now received a copy of Balance Sheet of the Dominion Reduction Co. Limited, as of September 30th, 1928, which is herewith enclosed.

Exhibits.

—
D-28 (a).
Letter to
Mr. Rivard
from Estate,
30th Janu-
ary 1929.

20 From this you will notice that the Company is not in a very good position, there being a deficit shown of \$1,387,021.78 and we are advised that the book value of the properties, which appear to about represent the par value of the common shares issued, is far in excess of to-day's real value, which we are told would probably not exceed \$20,000. This being the case, the shares have no apparent value. The original book value put upon the shares of this Company by Sir Mortimer Davis, Incorporated was \$635,302. being at the rate of \$1. per share

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED,

30 A. M. Reaper,
Secretary Treasurer.

DEFENDANTS' EXHIBIT D-28 (b)

MONTREAL, January 31st, 1929

A. M. Reaper, Esq.
Sir Mortimer Davis, Inc.,
40 Montreal, Que.

RE ESTATE SIR MORTIMER B. DAVIS

Dear Sir,

This is to acknowledge receipt of your favor dated 30th inst, enclosing a copy of Balance Sheet of the Dominion Reduction Co. Limited, as at September 30th, 1928, for which I thank you. Could

D-28 (b).
Letter to
Estate from
Mr. Rivard,
31st Janu-
ary 1929.

you also supply me with a statement of their Profit and Loss accounts for each of the last five years ending September 30, 1928. It is very important for us to have said statement. We will be thankful to you to forward us same at your earliest convenience.

I think it will be advisable to you to send us an additional sworn to statement regarding the automobiles owned by the late Sir Mortimer in the Province of Quebec. This item must have been overlooked or forgotten. I am informed that Sir Mortimer Davis owned, inter alia, a Rolls Royce, truck or delivery car on his country farm. I presume that the Stutz Brougham belonged to his son. Would you kindly ascertain that fact for me ?

I am also required to ask you for a complete list showing the grants, donations and subscriptions made by late Sir Mortimer Davis, during the three years previous to his death, to benevolent societies, welfare and educational associations, churches and other public institutions, besides the Y.M.H.A. and the Joint Hospital Campaign, showing the total amounts paid or subscribed and the dates upon which same were made.

Trusting that you will be in a position to forward me this statement within the next few days, I remain.

Yours very faithfully.

THE COLLECTOR OF PROVINCIAL REVENUE,

Per EUGENE RIVARD,
Advisor.

DEFENDANTS' EXHIBIT D-28 (c)

MONTREAL, February 4th, 1929

Eugene Rivard, Esq.,
Advisor,
Collector of Provincial Revenue,
Montreal, Que.

RE YOUR FILE No. 6408

Dear Sir.

Your favor of the 31st ult. to hand and, as requested, we are asking for a statement from the Dominion Reduction Co. of their Profit & Loss Accounts for each of the last five years.

With reference to your second paragraph regarding the automobiles owned by the late Sir Mortimer in the Province of Quebec, this item has not been overlooked in the preliminary returns made

Exhibits.

D-28 (b).

Letter to
Estate from
Mr. Rivard,
31st January 1929—
continued.

10

20

30

D-28 (c).
Letter to
Mr. Rivard
from Estate,
4th February
1929.

40

Exhibits.

D-28 (c).
Letter to
Mr. Rivard
from Estate,
4th Febru-
ary 1929—
continued.

although not shown as separate items. In Montreal Sir Mortimer had a 1914 Rolls Royce touring car, which was included in the valuation of furniture and other contents of premises at No. 516 Pine Ave. West. At Ste. Agathe there was only a Ford delivery car, which is similarly included in the valuation of furniture, farm implements, etc. The Stutz Brougham was the property of Mr. Mortimer Davis.

10 I am preparing for you a list of grants, donations, etc., made by the late Sir Mortimer during the three years previous to his death, as requested, and same will be forwarded to you in due course.

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED

A. M. REAPER,
Secretary Treasurer

20

DEFENDANTS' EXHIBIT D-28 (d)

MONTREAL, February 6th, 1929

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

RE ESTATE LATE SIR MORTIMER DAVIS

30 Dear Sir,

With further reference to the above estate, we would like to have, in order to enable us to complete our study of the record, the statements of Assets & Liabilities, as well as the Statements of Profits & Losses for each of the last 5 years, where available, of the following companies or concerns:

D-28 (d).
Letter to
Estate from
Mr. Rivard,
6th Febru-
ary 1929.

40

South American Platinum Corporation.
Forest & Stream Club.
Mount Bruno Country Club
Elm Ridge Country Club
Prudential Trust Company
Toronto Bond Exchange
Mansfield Theatre Co. Limited
Montreal Jockey Club
Travellers Club
Laurentian Golf & Country Club
Shamrock Silver Co. Limited

North American Cobalt Refining Co. Limited
Davis Silver Cobalt Mines Limited
Apex Porcupine Mines Limited

We would appreciate these statements being supplied to us at your earliest convenience.

At the same time, will you kindly tell me where is located the Head Office of the following Companies:

- 10 South American Platinum Corporation
Forest & Stream Club
Mount Bruno Country Club
Elm Ridge Country Club
Toronto Bond Exchange
Mansfield Theatre Co. Limited
Montreal Jockey Club
Shamrock Silver Co. Limited
- 20 North American Cobalt Refining Co. Limited
Davis Silver Cobalt Mines Limited
Union Tobacco Co.
Union Cigar Co.
General Cigar Co. Limited
Mount Royal Club
Robt. McNish & Co. Limited

- 30 Will you please, at the same time, state whether the South American Platinum Corp., mentioned in your return, is the same concern as the South American Gold & Platinum Co., with its Head Office in New York City, I believe, whether it has anything to do with it or it is an entirely different proposition.

Will you please also state where are located the North Shore Mining and the Federal Coal properties, mentioned in the statement of Assets and Liabilities of Sir Mortimer Davis, Incorporated, prepared by Messrs. Price Waterhouse & Co. What is the respective municipal value of these properties ?

- 40 Has this property which you call the Federal Coal property anything to do or any connection with the Federal Coal Co. of Charleston, W.Va. ?

Exhibits.

D-28 (d).
Letter to
Estate from
Mr. Rivard,
6th February 1929—
continued.

We are also expecting the Assets and Liabilities and Profit & Loss statements of the Union Tobacco Co., Union Cigar Co., Dominion Reduction Co. Limited, which are referred to in your letter of January 19th, 1929

Your letter of the 4th inst. reached me yesterday.

Exhibits.

— 576 —

D-28 (d).
Letter to
Estate from
Mr. Rivard,
6th Febru-
ary 1929—
continued.

Trusting that you will be in a position to forward us the above mentioned information and documents within the next few days, I remain,

Yours thankfully,

THE COLLECTOR OF PROVINCIAL REVENUE,
Per EUGENE RIVARD,
Advisor.

10

DEFENDANTS' EXHIBIT D-28 (e)

Montreal, February 19th, 1929.

Eugene Rivard, Esq.,
Advisor,
Collector of Provincial Revenue,
20 Montreal, Que.

Dear Sir: RE YOUR FILE No. 6408

In reply to your favor of the 6th inst. we enclose herewith the following:

Statement of the Elm Ridge Country Club, as at October 31, 1927;

30 Statement of the Prudential Trust Co. as at Dec. 31, 1926 and Dec. 31, 1927;

Statements of Mansfield Theatre Co. as at Aug. 27, 1927 and Aug. 25, 1928;

Statement of the Laurentian Golf & Country Club as at Dec. 31, 1926;

Statement of the Shamrock Silver Co. Ltd. as at April 30, 1925, which are all of the statements we have of the Companies or Clubs you asked for.

40 Statement of the Forest and Stream Club, Mt. Bruno Club, Montreal Jockey Club, or information regarding these may be obtained from the various Club Secretaries.

The Shamrock Silver Co. Ltd., as letter attached to statement indicates, has not been operating for a number of years and, while considerable money was spent and work done on the property, no ore of any value has been discovered. The North American Cobalt Refining Co. Limited and Davis Silver Cobalt Mines Limited have

D-28 (e).
Letter to
Mr. Rivard
from Estate,
16th Febru-
ary 1929.

not, to our knowledge, been operating for a number of years. The Apex Porcupine Mines Ltd. is quoted among Toronto mining stocks. The Travellers Club is a Paris Club with a capital of 3,200,000 francs, the shares being of a par value of frs. 1,000 each and from what we can gather these shares have little or no value.

The South American Platinum Corporation should really have been shown as South American Gold & Platinum Corporation, the Head Office of which is located at No. 61 Broadway, New York City.

10 The Head Office of the Companies you ask for are as follows:

Forest & Stream Club, 261 St. James St., Montreal.

Mt. Bruno Country Club, P.O. Box 2722, Montreal.

Elm Ridge Country Club, Sommer Bldg., Montreal.

Montreal Jockey Club, 11 St. Sacrament St., Montreal.

Shamrock Silver Co. Ltd., c/o J. A. Jacobs, 460 St. Catherine St. W., Montreal.

General Cigar Co. Ltd., 3810 St. Antoine St., Montreal.

20 Mt. Royal Club, 537 Sherbrooke St. W., Montreal.

Toronto Bond Exchange, 300 Bay St., Toronto, Ont.

North American Cobalt Refining Co., Toronto, Ont.

Davis Silver Cobalt Mines Ltd., Toronto, Ont.

Mansfield Theatre Co. Ltd., Toronto, Ont.

(We have no Street address for this latter Company but understand that Kippen & Co., Brokers, No. 4 Hospital St., Montreal, deal in some of this stock from time to time.)

30 Robt. McNish & Co. Limited, Grand Hotel Bldg., Trafalgar Square, London, Eng.

This Company was organised in the Fall of 1927 to take over the former business of Robt. McNish & Co. Ltd. Debentures to the amount of \$5,000,000 of the par value of \$5. each were offered in November 1927 at \$4.50. These Debentures are guaranteed both as to principal and interest by the Canadian Industrial Alcohol Co. Limited, of Montreal, who own control of the Common Stock.

40 The Union Tobacco Co. and the Union Cigar Co., are both New York Companies, We have again written our brokers in New York to secure financial statements and as soon as we have these will forward them to you. These have been promised them within the next few days.

The Federal Coal property shown in the statement of Sir Mortimer Davis, Incorporated, is a small property near Lethbridge, Alta., being part of the southwest quarter of Section 36, Township 8, Range 22, West 4th and is assessed by the Department of Municipal

Exhibits.

D-28 (e).
Letter to
Mr. Rivard
from Estate,
16th February 1929—
continued.

Affairs of the Province of Alberta at \$3,930. Assessment notice for 1928 is enclosed herewith. This property has no connection, in any way, with the Federal Coal Co. of Charleston, W. Va.

The North Shore properties consist of:

Lot 3 Concession 1, Lot 2 Concession 2, Lot 2 Concession 3, of the Municipal Corporation of Blezard, Ont., comprising 942 acres, assessed for \$11,314.

Exhibits.

D-28 (e).
Letter to
Mr. Rivard
from Estate,
16th February 1929—
continued.

10 Lot 6 Concession 3, of the Municipal Corporation of Nairn, Ont., comprising 310.75 acres, assessed for \$310.

Lot 11 Concession 3 and Lot 12 Concession 3 of the Municipal Corporation of the United Townships of Neelon and Carson, Ont., comprising 640 acres, assessed for \$900.

An Island in Lake Joseph, Ont. in the Municipal Corporation of Humphrey, assessed for \$600.

Yours very truly,

20 FOR THE EXECUTORS ESTATE SIR MORTIMER B. DAVIS,
A. M. REAPER,
Executor.

DEFENDANTS' EXHIBIT D-28 (f)—1

Montreal, February 20th, 1929

Eugene Rivard, Esq.,
Advisor,
30 Collector of Provincial Revenue,
Montreal, Que.

Re your File No. 6408

Dear Sir:

Referring further to your letter of the 31st ult. we now enclose herewith Profit & Loss statements of the Dominion Reduction Co. Limited for each of the five years ending September 30th, 1928.

D-28 (f).
Letter to
Mr. Rivard
from Estate,
20th February 1929.

40 We are also enclosing memorandum showing such grants, donations and subscriptions as we can trace during the three years previous to the death of Sir Mortimer to different benevolent and welfare associations, etc.

Yours very truly,

FOR THE EXECUTORS ESTATE SIR MORTIMER B. DAVIS

A. M. Reaper,
Executor.

Exhibits.
 D-28 (f).
 Letter to
 Mr. Rivard
 from Estate,
 20th Febru-
 ary 1929—
continued.

DEFENDANTS' EXHIBIT D-28 (f)—1
 DOMINION REDUCTION COMPANY LIMITED
 PROFIT & LOSS ACCOUNT

FOR PERIOD ENDED SEPTEMBER 30, 1925.

		Cr. \$120.00
DR.		
Cost of Operating Mill	\$110.79	
Workmen's Compensation	46.40	Cottage No. 3 \$157.19
GENERAL EXPENSES		
Commissions	153.83	Cottage No. 4 70.00
Cobalt General Expense	53.68	Cottage No. 5 14.00
Legal Expense	300.00	
Watchman Account	900.04	
Interest, Exchange & Discount	1,407.55	
Insurance	11,707.14	
Taxes	322.34	
General Office Expenses	290.95	
Bluestone Investment a/c written off	628.84	
Bluestone Advances written off	345,533.26	
	897,498.85	Balance to Balance Sheet 1,257,342.12
	<u>\$1,257,546.12</u>	<u>\$1,257,546.12</u>

DEFENDANTS' EXHIBIT D-28 (f)—2

Sundry Payments by Sir Mortimer B. Davis for benevolent and charitable purposes during the three years prior to his death, March 22, 1928.

Exhibits.
D-28 (f).
Letter to
Mr. Rivard
from Estate,
20th February 1929—
continued.

	Sept.	10/26	Verdun Protestant Hospital, Sports Day		\$25.00
	Dec.	22/26	do.	Xmas Tree	25.00
10	Dec.	8/26	Sister Bonneau's Fund— solicited by La Presse		500.00
	Oct.	4/27	Mon. Vauquelin Fund—for monument		250.00
	Jan.	10/27	Anti-Tuberculosis & General Health League		5,000.00
	Jan.	6/28	do.	do.	5,000.00
					<hr/>
	Sept.	24/26	United Talmud Torahs	Montreal	10,000.00
20	Oct.	10/27	do.		5,000.00
					<hr/>
	Sept.	27/26	B'Nai Brith Camp	Montreal	10,000.00
	Oct.	6/27	do.		500.00
					<hr/>
	Sept.	27/26	Mrs. E. M. Berliner—for charity		1,000.00
30	Dec.	22/25	Lady Meredith—Royal Victoria Hospital, Xmas Tree for Poor		500.00
	Dec.	15/26	do.	do.	100.00
	Dec.	22/27	do.	do.	100.00
					<hr/>
	Aug.	12/25	Rev. Father Bazinet—Ste. Agathe des Monts		300.00
	Aug.	12/25	Women's Organization, "Etz Chain", Ste. Agathe		100.00
40	Aug.	20/25	Jewish Fresh Air Fund, Ste. Agathe		100.00
	Dec.	22/25	Montreal Maternity Hospital		25.00
					<hr/>
					100.00

DEFENDANTS' EXHIBIT D-28 (g)

MONTREAL, February 20, 1929.

Eugene Rivard, Esq.,
Advisor,
Collector of Provincial Revenue,
Montreal, Que.

10 Dear Sir.

As reported to you this morning, we had fully expected to be able to file final returns by this time but it has taken longer to get affairs in France settled than we had expected.

We are now advised, however, by our attorneys in France that they will very soon be in a position to send us their report and just as soon as this is received, we will have complete returns made up and forwarded to you. As stated, the returns to be received will not very materially affect the returns already made.

20 Under the circumstances, we trust you will allow us the delay necessary to file complete statement.

Yours very truly,

FOR THE EXECUTORS ESTATE SIR MORTIMER B. DAVIS,
A. M. REAPER,
Executor.

30

DEFENDANTS' EXHIBIT D-28 (h)

MONTREAL, February 21st, 1929.

Eugene Rivard, Esq.,
Advisor,
Collector of Provincial Revenue,
Montreal, Que.

0 Dear Sir,

Referring to your enquiry regarding 6 lots, being subdivisions 3, 4, 5, 6, 7 and 8 of Cad. 14, Mt. Royal Ward, City of Montreal, we confirm that while these lots are registered in the name of Sir Mortimer Davis, Incorporated, they are simply being held by them in trust. These lots represent the land secured on which to erect a building which, on completion, is to be turned over to trustees to be decided upon for the use of the Y. M. H. A. as referred to in our letter

Exhibits.
D-28 (g).
Letter to
Mr. Rivard
from Estate,
20th Febru-
ary 1929.

D-28 (h).
Letter to
Mr. Rivard
from Estate,
21st Febru-
ary 1929.

Exhibits.
D-28 (h).
Letter to
Mr. Rivard
from Estate,
21st Febru-
ary 1929—
continued.

of the 19th ult. These lots were paid for by Sir Mortimer Davis and the cost largely represents the amount which had been paid in connection with this project up to the date of the death of Sir Mortimer as represented in the difference between the total estimated cost of approximately \$400,000 and the amount of \$290,000 shown on our preliminary returns as still to be expended.

Yours very truly,

10

FOR THE EXECUTORS ESTATE SIR MORTIMER B. DAVIS,
A. M. REAPER,
Executor.

DEFENDANTS' EXHIBIT D-28 (i)

20

PROVINCIAL REVENUE OFFICES

QUEBEC, February 27th, 1929

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

RE ESTATE LATE SIR MORTIMER DAVIS

Dear Sir.

D-28 (i).
Letter to
Estate from
Mr. Rivard,
27th Febru-
ary 1929.

30

I would appreciate your forwarding me at your earliest convenience a statement showing the amounts actually paid by Sir Mortimer Davis for the following stocks or properties, the value of which you have declared at \$1.00.

NORTH COBALT PROPERTY.

CRESCENT LORRAINE SILVER MINING Co. LIMITED, 375,000 shares.

SHAMROCK SILVER Co. LIMITED, 872,749 shares.

NORTH AMERICAN COBALT REFINING Co. LIMITED, 13 shares.

40

DAVIS SILVER COBALT MINES LIMITED, 20,000 shares.

TORONTO BOND EXCHANGE, 2,000 shares.

We need the same information regarding the following stocks purchased by Sir Mortimer Davis, Inc., and appearing in its statement of assets and liabilities, the value of which stocks is shown at \$1.

CRESCENT LORRAINE SILVER MINING Co., 499,950 shares.

CROESUS GOLD MINES, 9,000 shares.

DOMINION REDUCTION Co. LIMITED, 635,302 shares.
GENERAL CIGARS Co. LIMITED, 852 preferred shares.
GENERAL CIGARS Co. LIMITED, 6,422 common shares

Will you please also state the price your company paid for the North Shore Mining property, as well as for the Federal Coals property ?

Exhibits.

D-28 (i).
Letter to
Estate from
Mr. Rivard,
27th February 1929—
continued.

10 Preferably, and in order to comply with the Succession Duties Act, the statement regarding all the above information should be supported by your affidavit.

I trust you will soon be in possession of the Financial and Profit & Loss statements of the Union Tobacco Co. and of the Union Cigar Co.

In one of your letters of the 19th of January 1929, you state that the General Cigars Co. Ltd. is the amalgamation of S. Davis & Sons, Ltd., H. Fortier & Co. Ltd., and Brener Ltd., and consequently, a Canadian concern.

20 Will you kindly state in the above mentioned sworn to declaration that this Company is a Canadian concern and, if that is the case, that it is in no way connected with the American firm of the same name, the stock of which is being listed on the New York Exchange ?

At the same time, will you please give us the actual age of Lady Henriette Marie Meyer ?

As to the final and complete statement of assets and liabilities in France, I understand that same will be very shortly forwarded to us.

30 Trusting that you will be in a position to supply us with the above particulars within a couple of days, I remain.

Yours thankfully,

EUGENE RIVARD.

DEFENDANTS' EXHIBIT D-28 (j)

Montreal, March 2nd, 1929.

40 Eugene Rivard, Esq.,
Advisor, Collector of Provincial Revenue,
Quebec, Que.

D-28 (j).
Letter to
Mr. Rivard
from Estate,
2nd March
1929.

Dear Sir: RE YOUR FILE No. 6408.

Replying to your favor of the 27th ult. It is difficult to give the amount actually paid by Sir Mortimer Davis for the stocks you

inquire about, these having been treated as personal property, but we give such information as we have been able to secure, as follows:

NORTH AMERICAN COBALT REFINING Co. LIMITED: The 13 shares of this Company appear to have cost originally \$620. in May, 1906.

10 TORONTO BOND EXCHANGE LIMITED: 2,000 shares of this Company of a par value of \$10 each were received in exchange for 25 shares of Port Arthur and Fort William Mortgage Co. Limited, of the par value of \$100 each, which in May 1914 cost \$2,464.91.

SHAMROCK SILVER Co. LIMITED: The original interest in this property appears to have cost \$22,500. in April 1907, in addition to which advances were made to the Company for development purposes, as shown by copy of statement of the Company, which was sent you. These loans, however, on account of the property not having proven to be of value, are worthless.

20 NORTH COBALT PROPERTY: This property originally belonged to the North Cobalt Mining Co. Limited, which was an operating Ontario Company, owned by the North Cobalt Silver Mines Co. Limited, an American Company incorporated in the State of Maine. The Ontario Company which was the only asset of the American Company was liquidated and the property was bought in by Sir Mortimer B. Davis and J. A. Jacobs, each of whom own a half interest, for a nominal amount. The original interest purchased in the Company in December 1908 appears to have cost about \$15,192.

30 CRESCENT LORRAINE SILVER MINING Co. LIMITED: We understand Sir Mortimer received the shares in this Company in consideration of his interest in certain properties, which were transferred to the Company, and the original cost and expenditures made on these properties before they were transferred to the Company could only be estimated.

DAVIS SILVER COBALT MINES LIMITED: We have been unable to ascertain the cost to Sir Mortimer of these shares.

40 Regarding the stocks inquired about appearing in the statement of Sir Mortimer Davis, Incorporated, the information you ask for regarding Crescent Lorraine Silver Mining Co. Limited, Croesus Gold Mine and General Cigar Co. Limited, was given in our letter to you of January 19th and particulars of the Dominion Reduction Co. Limited were given in our letter to you of January 30th.

Exhibits.

D-28 (j).
Letter to
Mr. Rivard
from Estate,
2nd March
1929—con-
tinued.

The North Shore Mining Property, shown in statement of Sir Mortimer Davis, Incorporated, was transferred to that Company on its incorporation in 1919 by Sir Mortimer B. Davis, at which time a book value was put on it of \$15,000. From what we are able to

ascertain this property appears to have cost Sir Mortimer about \$13,255.

The Federal Coals Property was formerly owned by the Federal Coals Limited, which Company went into liquidation and the property was purchased at Sheriff's Sale in 1922 for \$10,000.

As advised in our letter of January 19th, the General Cigar Co. Limited, mentioned on the statement of Sir Mortimer Davis, Incorporated, is a Canadian Company and has never had, nor to our
10 knowledge has now, any connection with the American firm of the same name, the stock of which is listed on the New York Exchange.

Yours very truly,

FOR THE EXECUTORS ESTATE SIR MORTIMER B. DAVIS,

A. M. REAPER,

Executor.

20 P.S.—Regarding the age of Lady Henriette Marie Meyer Davis, while we have no definite record as to this, from enquiries made it would appear that she would have been about 57 or 58 years of age at the time of the death of Sir Mortimer.

A. M. REAPER.

I, Alexander M. Reaper, of the City of Montreal, Secretary, being the person who signed the foregoing letter to the Advisor, Collector of Provincial Revenue, Quebec, dated this second day of March, nineteen hundred and twenty-nine, being duly sworn, make
30 oath and say that the statements therein contained are true and correct to the best of my knowledge and belief.

A. M. REAPER.

Sworn before me at the said City of Montreal
on this second day of March, Nineteen Hundred
and Twenty-nine.

E. W. H. PHILLIPS.

Exhibits.
—
D-28 (j).
Letter to
Mr. Rivard
from Estate,
2nd March
1929—con-
tinued.

DEFENDANTS' EXHIBIT D-28 (k)

Montreal, March 12th, 1929.

Eugene Rivard, Esq.,
Advisor, Collector of Provincial Revenue,
Quebec, Que.

Exhibits.

D-28 (k).
Letter to
Mr. Rivard
from Estate,
12th March
1929.

10 Dear Sir:
We have been trying to secure statements of the Union Tobacco Company and of the Union Cigar Company, Inc., of New York, but so far without success.

Letters from both of these companies to Messrs. Bamberger Bros., of New York, who were endeavoring to get these statements for us, which we received from them to-day, are enclosed herewith, from which you will note that both claim that no financial statement has as yet been issued. We will be pleased to forward you a copy of the statements that are promised for April, when we receive same.

20

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED,
A. M. REAPER,
Secretary-Treasurer.

DEFENDANTS' EXHIBIT D-28 (l)

30

Quebec, March 14th, 1929.

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

D-28 (l).
Letter to
Mr. Rivard
from Estate,
14th March
1929.

Dear Sir: RE: ESTATE SIR MORTIMER DAVIS, No. 6408.

I acknowledge receipt of your communication dated March 12th and wish to add that we shall be pleased to receive in due course the referred to financial statements of Union Tobacco Company and
40 Union Cigar Company, Inc., both of New York.

Believe me,

Yours truly,

COLLECTOR OF SUCCESSION DUTIES FOR THE PROVINCE,

Per: EUGENE RIVARD,
Special Officer.

DEFENDANTS' EXHIBIT D-28 (m)

QUEBEC, April 2nd, 1929.

10 A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

Exhibits.

D-28 (m).
Letter to
Estate from
Mr. Rivard,
2nd April
1929.

RE ESTATE LATE SIR MORTIMER DAVIS

Dear Mr. Reaper,

20 I have just completed the study of the above record and the preparation of our statement of account for the succession duties. When perusing same for the final revision and before its submission to Mr. Begin, I have noticed that no shares whatsoever have been declared as standing in Sir Mortimer B. Davis' personal name, at the time of his death.

I would like to know whether this is correct or an oversight, as it is understood here that Sir Mortimer was one of the officials or directors of said Company.

30 Would you kindly supply me with the above mentioned particulars at your earliest convenience? Mr. Begin will be busy for a few additional days with Special work of the Session which is about to be prorogued, but last week he asked me to have my record ready for the early part of this week, as he intended to write you regarding the insurance policies and before so doing he wanted to look over the entire records.

As soon as I am supplied with the required information I will see whether my figures have to be revised or not and you should very shortly thereafter hear from Mr. Begin.

Thanking you once more for your kind attention, I remain

Yours very truly,

40

EUGENE RIVARD,
Special Officer.

DEFENDANTS' EXHIBIT D-28 (n)

MONTREAL, April 3rd, 1929.

Eugene Rivard, Esq.,
Special Officer,
Provincial Revenue Offices,
Quebec, Que.

Exhibits.

D-28 (n).
Letter to
Mr. Rivard
from Estate,
3rd April
1929.

10 Dear Sir,

Replying to your favor of the 2nd inst., the shares of Sir Mortimer Davis, Incorporated, held in the name of Sir Mortimer B. Davis at the time of his death were reported in statement submitted, and are included in the Assets under the heading of "Stocks," the number of shares reported being 44,625 shares.

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED

20

A. M. REAPER,
Secretary Treasurer.

DEFENDANTS' EXHIBIT D-28 (o)

30

MONTREAL, April 4th, 1929.

Eugene Rivard, Esq.,
Special Officer,
Provincial Revenue Offices,
Quebec, Que.

D-28 (o).
Letter to
Mr. Rivard
from Estate,
4th April
1929.

Dear Sir,

40 Replying to our inquiry regarding stock of the Imperial Tobacco Company Limited, the late Sir Mortimer Davis did not hold any shares of this Company personally at the time of his death.

Yours very truly,

FOR THE EXECUTORS ESTATE SIR MORTIMER B. DAVIS,

A. M. REAPER,
Executor.

DEFENDANTS' EXHIBIT D-28 (p)

Quebec, April 9th, 1929.

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

Exhibits.

D-28 (p).
Letter to
Mr. Rivard
from Estate,
9th April
1929.

Dear Mr. Reaper,

10 Mr. Begin draws my attention to the fact that the following Deeds have not been filed with the declaration of value and relationship.

1st: Donation, October 26th, 1921, H. E. Herschorn, N.P., \$200,000.00.

2nd: Marriage Contract, Lady Eleanor Davis, May 24th, 1924, deposited with E. W. H. Phillips, N.P., May 4, 1928, \$200,000.00.

I would appreciate your forwarding me, at your earliest convenience, an authentic copy of the above mentioned Deeds.

Thanking you once more for your kind attention, I am,

20

Yours very truly,

EUGENE RIVARD,
Special Officer.

DEFENDANTS' EXHIBIT D-28 (q)

Montreal, April 13th, 1929.

30 Eugene Rivard, Esq.,
Special Officer,
Provincial Revenue Offices,
Quebec, Que.

D-28 (q).
Letter to
Mr. Rivard
from Estate,
13th April
1929.

Dear Mr. Rivard,

Your favor of the 9th inst. was duly received and we are enclosing you herewith copy of Marriage Contract of Lady Eleanor Davis of May 24th, 1924.

40 We have asked for a notarial copy of Donation of October 26th, 1921, and as soon as this is received, will forward it to you.

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED,

A. M. REAPER,
Secretary-Treasurer.

REGISTERED.

DEFENDANTS' EXHIBIT D-28 (r)

Quebec, April 16th, 1929.

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

Exhibits.

—
D-28 (r).
Letter to
Estate from
Mr. Rivard,
16th April
1929.

10 Dear Mr. Reaper,

I acknowledge receipt of your communication dated the 13th inst., enclosing copy of marriage contract of Lady Eleanor Davis with late Sir Mortimer B. Davis.

Thanking you once more, I am,

Yours very truly,

EUGENE RIVARD,
Solicitor.

20

DEFENDANTS' EXHIBIT D-28 (s)

Montreal, April 16th, 1929.

30

Eugene Rivard, Esq.,
Special Officer,
Provincial Revenue Offices,
Quebec, Que.

D-28 (s).
Letter to
Mr. Rivard
from Estate,
16th April
1929.

Dear Mr. Rivard,

40 Referring further to your favor of the 9th inst. we now enclose you herewith copy of Donation by Sir Mortimer B. Davis of \$200,000 under Deed passed before H. E. Herschorn, N.P. on October 26th, 1921.

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED,

A. M. REAPER,
Secretary-Treasurer.

REGISTERED.

DEFENDANTS' EXHIBIT D-28 (t)

Quebec, April 17th, 1929.

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

Exhibits.

D-28 (t).
Letter to
Estate from
Mr. Rivard,
17th April
1929.

Re: SIR MORTIMER B. DAVIS ESTATE

Dear Mr. Reaper,

10 I acknowledge receipt of your favor of the 16th inst. enclosing copy of Donation by Sir Mortimer B. Davis of \$200,000.00 under Deed before H. E. Herschorn, N.P. on October 26th, 1921.

Thanking you for your promptness in complying with my request, I remain.

Yours very truly,

EUGENE RIVARD,
Solicitor.

20

PLAINTIFFS' EXHIBIT P-58

SUCCESSION DUTIES

Montreal, May 14th, 1929.

Record No. 6408 Estate of: Mortimer B. Davis

Domicile: Montreal

30 Date of Death: March 22nd, 1928

Affidavit received: September 15th, 1928.

Assets declared: \$11,183,352.36
Additional Assets: 5,780,278.47 \$16,963,630.83

Debts Declared 3,659,721.71
" Disallowed 2,002,500.00 1,657,221.71

Total Net Value 15,306,409.12

40 Assets in Province of Quebec \$14,585,246.34
Proportion of Debts 1,424,871.08

Surplus \$13,160,375.26

Outside Assets 2,378,384.49
Proportion of Debts 232,350.63

Surplus \$ 2,146,033.86

P-58.
Statement
of Succes-
sion Duties,
\$1,314,209.04,
and
Seizin Tax,
\$33,047.27,
14th May
1929.

Section 1					
	Legatees	Legacies	Rate	Dt. Ex.	Duty
	Charity in Quebec	21,490.50	20%		4,288.10
	do	170,204.76	20%	\$17,880.10	17,880.10
	do	171,924.00	1%		
	do	170,204.76	20%		
	do	171,924.00	1%		
	do	342,988.38	20%		
10	Strangers in Quebec	343,848.00	4%		13,753.92
	do	117,424.09	21%		24,659.06
	do	37,744.81	20%		7,548.96
	do	97,429.33	21½%		20,947.31
	Strangers outside	56,129.16	20%		11,225.83
	Coll: B. outside	8,063.24	12½%		1,007.91
	Coll: A. outside	209,059.58	12½%		26,132.45
	Coll: A. in Quebec	84,450.26	12%		10,134.03
	do	161,048.81	13%		20,936.48
	do	90,761.46	12½%		11,345.18
20	Direct Line in P.Q.	5,747,875.90	5%		287,393.80
	do	5,750,010.18	3%		172,500.30
	Direct Line outside	5,830,089.53	5%		291,504.48
	do	5,832,254.35	3%		174,967.53
					<hr/>
					\$1,200,593.42

Section 2.					
	Legatees	Legacies	Rate	½ Dt. Ex.	Duty
	Charity in Quebec	3,509.50	20%		701.90
	do	27,795.24	20%	2,919.90	2,919.90
30	do	28,076.00	1%		
	do	27,795.24	20%		
	do	28,076.00	1%		
	do	56,011.62	20%		
	do	56,152.00	4%		13,448.40
	Strangers in Quebec	15,910.67	21½%		3,420.79
	do	6,163.91	20%		1,232.78
	do	19,175.91	21%		4,026.94
	Strangers outside	9,166.24	Nil		
	Coll: B. outside	1,316.76	Nil		
40	Coll: A. outside	34,140.42	Nil		
	Coll: A. Quebec	13,791.13	Nil		1,654.94
	do	26,300.19	13%		3,419.02
	do	14,821.78	12½%		1,852.72
	Direct Line Quebec	938,599.70	5%		46,929.98
	do	938,948.22	3%		28,168.45
	Direct Line outside	949,020.24	Nil		
					<hr/>
					\$113,615.62

Exhibits.

P-58.
Statement of Succession Duties, \$1,314,209.04, and Seizin Tax, \$33,047.27, 14th May 1929—continued.

Summary

Dt. Chap. 29 Section 1 \$1,200,593.42
do " 2 113,615.62 Duty \$1,314,209.04
Add Interest at 5% from the 22nd of July 1928.

Exhibits.

P-58.
Statement of Succession Duties, \$1,314,209.04, and Seizin Tax, \$33,047.27, 14th May 1929—continued.

SUCCESSION DUTIES

Montreal, May 14th, 1929

10 Seizin 208

Estate of: Mortimer B. Davis
Domicile: Montreal,
Date of Death: 22nd March, 1928
Affidavit Received: 15th September, 1928.

Distribution and duties payable:

20	Strangers Outside	\$9,166.24	at 15%	\$1,374.94
	Collaterals	35,457.18	9%	3,191.15
	Direct Line.	949,372.62	3%	28,481.18
				\$33,047.27
	·Court Fees	\$33,047.27		

PLAINTIFFS' EXHIBIT P-59

30

MONTREAL, May 18th, 1929.

Eugene Rivard, Esq.,
Solicitor Provincial Revenue Offices,
Quebec, Que.

Dear Mr. Rivard,

40 Referring further to your favor of the 26th ult., we are pleased to advise that we duly received from your Montreal Office the waiver to the Aetna Life Insurance Co. of Hartford, authorizing them to make payment of an insurance policy in favor of Sir Mortimer Davis, Incorporated.

We have also received from your office here an account for succession duties from which we notice that there has been made a considerable addition to the amount of the assets, which addition we are advised is made up of increased values you have placed on real estate, stocks, insurance money, gratuities made within 3 years prior to death, etc.

P-59.
Letter to Eugene Rivard from A. M. Reaper, 18th May 1929.

We will be obliged if you will kindly advise us of what these increases consist and how they have been arrived at or kindly instruct your office here to give us full particulars with regard to the additions made.

10 From what we can learn there has been added \$15,191 to the value of a property in North Cobalt, Ont. This property we had shown as \$1 and we consider has no practical value. When we advised you in answer to your inquiry that the initial cost of this property appeared to have been \$15,192 we had no intention of inferring that that was the present value. Apart from this, we understand that there is no tax on real estate outside of the Province so that there is no object in increasing the valuation.

Exhibits.

P-59.

Letter to
Eugene
Rivard
from A. M.
Reaper,
18th May
1929—*con-
tinued.*

20 We understand that an amount has been added for insurance money declared as non-taxable and cannot understand why this should have been added to the value of the Estate. These policies, as has been pointed out, do not form in any way an asset of the Estate of Sir Mortimer B. Davis but are payable to Sir Mortimer Davis Incorporated and Canadian Industrial Alcohol Co. Limited.

20 When we have received full particulars as to how the values you have increased have been made up, we will be able to take the matter up with you more intelligently and will, therefore, be obliged if you will kindly let us have the details or instruct your office here to give them to us at your early convenience.

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED,

30

A. M. REAPER,
Secretary Treasurer.

PLAINTIFFS' EXHIBIT P-60

QUEBEC, May 25th, 1929.

40 A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

RE SIR MORTIMER B. DAVIS ESTATE

Dear Mr. Reaper,

I acknowledge receipt of your letter of the 18th inst., relating to the above matter.

P-60.
Letter
to A. M.
Reaper from
Eugene
Rivard,
25th May
1929.

Exhibits.

P-60.

Letter
to A. M.
Reaper from
Eugene
Rivard,
25th May
1929—*con-
tinued.*

In compliance with your request, you will be supplied with the full particulars concerning the statement of account which has been made up in this Estate.

As regards the taxability or non-taxability of the insurance policies declared as payable to Sir Mortimer Davis, Incorporated and Canadian Industrial Alcohol Co. Limited, I will refer you to Mr. Begin's letter of April 8th, 1929.

Yours very truly,

10

EUGENE RIVARD,
Solicitor.

PLAINTIFFS' EXHIBIT P-61

QUEBEC, May 30th, 1929.

A. M. Reaper,
Sir Mortimer Davis, Inc.,
20 Montreal, Que.

RE SIR MORTIMER B. DAVIS ESTATE

Dear Mr. Reaper, Esq.,

With further reference to your letter of the 18th inst., I take pleasure in giving you hereinafter the particulars you were asking for.

In the first place, I will deal with the assets of Sir Mortimer Davis, Incorporated.

30 If you will refer to the sheet marked "Exhibit A" of the Statement of Assets and Liabilities and supporting statements, as at March 31st, 1928, of the said Company, you will see that Investments in Stocks and Debentures, as per Exhibit B, has been declared at \$14,715,575.45.

For the purpose of determining the succession duties, said investments have been valued at \$27,439,241.08.

40 As regards properties owned by the said Company, they were declared at \$184,833.71.

We have valued them at \$196,795.35.

All the other items under the heading "Assets" of Exhibit A, have been unaltered.

The above mentioned changes have brought the value of the assets of the Company from \$16,657,239.31, which was their "Book Value" to \$29,392,866.58, which we deem to be the real value thereof.

P-61.

Letter
to A. M.
Reaper from
Eugene
Rivard,
30th May
1929.

Said increases were made out as follows:

CANADIAN INDUSTRIAL ALCOHOL Co. LIMITED, common shares have been declared at \$9,926,800.00, which represented \$20 per share. Same were valued at \$41, which was the market price therefor, as at the date of Sir Mortimer's death, total \$20,349,940.00.

CANADIAN INDUSTRIAL ALCOHOL Co. LIMITED "B" SHARES have been valued at \$2,417,220.00 which is \$39 per share.

ROBT. McNISH 6% Debentures were valued at \$2,472,130.00.

10 ASBESTOS CORPORATION common shares were valued at \$156,250.00, being \$31.25 per share.

ANGLO SCOTTISH AMALGAMATED COMPANY, no change.

CONSOLIDATED ASBESTOS Common shares, \$1,162,031.25, being \$31.25 per share.

CRESCENT LORRAINE SILVER MINING COMPANY, \$21,567.74.

CROESUS GOLD MINES, no change.

CROWN TRUST COMPANY, no change.

DOMINION REDUCTION COMPANY, \$60,000.00.

20 GENERAL CIGARS, no change.

HARBINS LIMITED, no change.

IMPERIAL TOBACCO Co. OF CANADA, valuation, \$43,750.00, being \$8.75 per share.

MASON VALLEY MINES COMPANY, \$7,188.50, being \$1 $\frac{3}{8}$ per share.

NATIONAL STEEL CAR CORPORATION, \$4,681.75, being \$43.75 per share.

ROYAL BANK OF CANADA, \$403,704, being \$356 per share.

30 UNION TOBACCO COMPANY, no change.

UNION CIGAR COMPANY, no change.

REAL ESTATE (See Exhibit C.)

NOTRE DAME DE GRACE PROPERTY, no change.

NORTH SHORE MINING PROPERTY, no change.

FEDERAL COALS PROPERTY, no change.

ST. JAMES STREET PROPERTY, \$125,000.

40 319 PEEL STREET PROPERTY, \$27,750.

As regards the assets belonging not to Sir Mortimer Davis, Incorporated, but to Sir Mortimer Davis personally, the following assessments have been made:

516 PINE AVE. WEST PROPERTY, \$198,300.

Furniture therein no change.

STE. AGATHE PROPERTY AND FURNITURE, no change.

Exhibits.

P-61.

Letter
to A. M.
Reaper from
Eugene
Rivard,
30th May
1929—con-
tinued.

NORTH COBALT PROPERTY, \$15,192.
MOUNT ROYAL CEMETERY LOT, \$1.00.
SIR MORTIMER DAVIS, INCORPORATED shares \$12,495,000.00.
TORONTO BOND EXCHANGE, \$2,000.00
APEX PORCUPINE MINES LIMITED, \$24.99

10 In your declaration of value and relationship in connection with the above Estate, liabilities amounted to \$1,771,193.45. In our appraisal, same have been reduced to \$1,473,693.45, \$297,500 included in your statement for subscriptions to the Y.M.H.A. and the Joint Hospital Campaign, being struck off from the liabilities and taken as dutiable bequests.

Exhibits.

P-61.
Letter
to A. M.
Reaper from
Eugene
Rivard,
30th May
1929—con-
tinued.

The following items: Trust Funds, \$1,500,000 and Marriage Contract Lady Eleanor Davis, \$200,000 have been struck out from the liabilities.

As to the gratuities paid by Sir Mortimer Davis within the three years previous to his death, to the extent of \$109,343.82, they have been included as taxable property.

20 Donations by subscriptions, declared as non-taxable, to the extent of \$112,500 have been made liable to duty. Same included the amounts paid to the Y.M.H.A. and for the Joint Hospital Campaign.

These are the main changes made in the assessment of the late Sir Mortimer B. Davis' Estate and in determining the proper duty payable to this Province.

I trust that you will be satisfied with these particulars and explanations. Should you need additional information, I shall be too glad to hand you same.

30

Yours very truly,

EUGENE RIVARD,
Solicitor.

DEFENDANTS' EXHIBIT D-32

MONTREAL, June 7th, 1929.

40 J. E. Begin, Esq.,
Collector of Provincial Revenue,
Quebec, Que.

D-32.
Letter to
Mr. Begin
from A. M.
Reaper,
7th June
1929.

RE ESTATE SIR MORTIMER B. DAVIS

Dear Sir,

We have received a statement from your Department here but there are certain items about which we would like some further inform-

Exhibits.

— 598 —

D-32.

Letter to
Mr. Begin
from A. M.
Reaper,
7th June
1929—con-
tinued.

ation and believe it would be best to take up these matters at a personal interview. I would, therefore, appreciate it if you would kindly advise when you will next be in Montreal when, if convenient, I could make an appointment with you.

Yours very truly,

FOR ESTATE SIR MORTIMER B. DAVIS,

A. M. REAPER,

Executor.

10

DEFENDANTS' EXHIBIT D-33

QUEBEC, June 11th, 1929.

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

20

RE LATE SIR MORTIMER B. DAVIS ESTATE

Dear Sir,

Your letter of the 7th inst. at hand.

I wish to inform you that Mr. Begin expects to be at his office, New Court House, Montreal, on the 17th inst. and shall be pleased to meet you at any time in the forenoon.

I trust that you have received my letter of the 30th ult. and that the particulars contained therein have been satisfactory.

30

Yours very truly,

EUGENE RIVARD,

Solicitor.

DEFENDANTS' EXHIBIT D-34

MONTREAL, June 13th, 1929.

40 Eugene Rivard, Esq.,
Solicitor Provincial Revenue Offices,
Quebec, Que.

Dear Sir:

I am in receipt of your favor of the 11th inst. in which you advise that Mr. Begin expects to be at his office at the New Court

D-34.

Letter to
Mr. Rivard
from A. M.
Reaper,
13th June
1929.

Exhibits.

D-34.
Letter to
Mr. Rivard
from A. M.
Reaper,
13th June
1929—con-
tinued.

House, Montreal, on the 17th inst. and can be seen any time during the forenoon.

10 Kindly accept my thanks for your letter of the 30th ult., which was received in due course giving certain particulars as to increases which have been made in the assets of the Estate. Some of these we would like to take up further with Mr. Begin together with some other items and will be pleased to take the opportunity of calling on him. In the particulars you gave, you did not include the additions which were made covering donations by Trust Deed. Will be obliged if you will kindly advise how this amount is made up.

Yours very truly,

FOR THE ESTATE SIR MORTIMER B. DAVIS,
A. M. REAPER,
Executor.

20

DEFENDANTS' EXHIBIT D-35

Montreal, July 2nd, 1929.

J. E. Begin, Esq.,
Collector of Provincial Revenue,
Quebec, Que.

30 Dear Sir:

I am sorry to have missed you last Friday morning but when I telephoned your office here I was advised that you had not yet arrived and they were uncertain as to whether you would be there that day, or not.

Having heard that you had been in the City, I again telephoned Mr. Senecal on Saturday morning to see if you had, by any chance stayed over but was advised that you had left town.

40 I will be obliged if you will kindly advise when you are next coming to Montreal as there are certain matters I should like to take up with you.

Yours very truly,

ESTATE SIR MORTIMER B. DAVIS,
A. M. REAPER,
Executor.

D-35.
Letter to
Mr. Begin
from A. M.
Reaper,
2nd July
1929.

DEFENDANTS' EXHIBIT D-36

Quebec, July 4th, 1929.

Exhibits.

D-36.
Letter
to A. M.
Reaper from
Mr. Begin's
Secretary,
4th July
1929.

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

Dear Sir:

10 In answer to yours of July 2nd, I beg to advise that Mr. A. J. Begin, the Comptroller of Provincial Revenue, is out of town on his holidays and will not be back to the office until July the 22nd, when your request will be submitted to him.

Yours very truly,

TH. GIMSIEL,
Secretary to J. A. Begin.

20

DEFENDANTS' EXHIBIT D-37

MONTREAL, August 15th, 1929.

30 J. A. Begin, Esq.,
Comptroller Provincial Revenue,
Quebec, Que.

D-37.
Letter to
Mr. Begin
from A. M.
Reaper,
15th August
1929.

Dear Mr. Begin,

Referring to our interview of the other day, if it is convenient to you and Mr. Rivard, the writer will be in Quebec next Monday, 19th inst. and will call upon you in the forenoon.

40 You will, no doubt, have instructed your Montreal Office to send you their file on this Estate so that all particulars will be available.

Yours very truly,

ESTATE SIR MORTIMER B. DAVIS,

A. M. REAPER,
Executor.

DEFENDANTS' EXHIBIT D-38

QUEBEC, August 16th, 1929.

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

Exhibits.

D-38.
Letter
to A. M.
Reaper from
Mr. Begin,
16th August
1929.

Dear Sir,

10 I have your letter of the 15th inst. advising me that you expect to be in Quebec on Monday, the 19th of August.

I must say that I expect Mr. Rivard will not be ready for you on that date; we have talked this matter over and have decided to invite you for Thursday, the 22nd of August, in the forenoon.

I have received from Montreal the report on this Estate.

Yours very truly,

20

J. A. BEGIN,
Comptroller of Provincial Revenue

DEFENDANTS' EXHIBIT D-39

Montreal, October 4th, 1929.

J. A. Begin, Esq.,
Collector of Provincial Revenue,
Quebec, Que.

30

Dear Mr. Begin,

Enclosed I am now pleased to hand you Supplementary Statement of the Estate of the late Sir Mortimer B. Davis which I think completes returns to be made with the exception of possible claim for Income Tax, as mentioned therein.

D-39.
Letter to
Mr. Begin
from A. M.
Reaper,
4th October
1929.

40

Regarding Sir Mortimer Davis, Inc., I am also enclosing you letter from Redpath & Co., Stockbrokers, here, regarding the value of Robt. McNish & Co. Limited Debentures at March 22, 1928, which they give as \$4.65 per Debenture, and letter from Poillon & Poirier, of New York, with regard to the value of the property owned by the Crescent Lorraine Silver Mining Co. Limited, explaining the work done on this property and in the vicinity. You will note that he puts a speculative value on the entire property of about \$3,750. The stock owned by us is approximately one quarter of the shares outstanding. We are doubtful if the price they mention could be realized.

Exhibits.

D-39.
Letter to
Mr. Begin
from A. M.
Reaper,
4th October
1929—*con-
tinued.*

Letter is also enclosed from Mr. G. T. Clarkson, Liquidator of the Dominion Reduction Co. Limited, giving the position of this concern, from which it would seem there is no possible chance of there being anything left for the creditors, to say nothing of the shareholders.

Regarding the Toronto Bond Exchange stock, I hope to be able to send you a letter within the next few days.

10

Yours very truly,

EXECUTORS OF ESTATE SIR MORTIMER B. DAVIS,
A. M. REAPER
Executor.

20

DEFENDANTS' EXHIBIT D-41

MONTREAL, October 8th, 1929.

J. A. Begin, Esq.,
Collector of Provincial Revenue,
Quebec, Que.

30 Dear Mr. Begin,

With reference to stock of Toronto Bond Exchange Limited, we enclose herewith copy of letter received from the Secretary of that Company under date of June 21, 1928 relative to the value of these shares, from which you will note that he does not think the entire holding could be sold for over \$100 and, as the Estate holds 2,000 shares out of a total issue of 100,000 shares, it would appear that our holdings have practically no value.

40 We asked Mr. Dow for further particulars of his Company and received the enclosed telegram to the effect that the Company was still inactive and there was nothing to add to his letter of June 21, 1928.

Yours very truly,

ESTATE SIR MORTIMER B. DAVIS,
A. M. REAPER,
Executor.

D-41.
Letter to
Mr. Begin
from A. M.
Reaper,
8th October
1929.

DEFENDANTS' EXHIBIT D-42

QUEBEC, October 10th, 1929.

Exhibits.

D-42.

Letter
to A. M.
Reaper from
Mr. Rivard,
10th Octo-
ber 1929.

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

RE SIR MORTIMER DAVIS ESTATE

10 Dear Mr. Reaper,

Your letters of the 4th and 8th instant respectively were duly received together with enclosures.

Thanking you for your courtesy, I am,

Yours very truly,

EUGENE RIVARD,
Solicitor.

20

DEFENDANTS' EXHIBIT D-43

MONTREAL, October 16th, 1929.

Eugene Rivard, Esq.,
Solicitor Provincial Revenue Offices,
30 Quebec, Que.

Dear Mr. Rivard,

I presume we will soon be hearing from you regarding the different items which were discussed in my interview with Mr. Begin and yourself in Quebec and in this connection would bring to your attention that we have been advised that the gifts of \$100,000 as per marriage contract of October 20, 1897, and \$200,000 under marriage contract of May 24, 1924 should not be liable to succession duties as these are not gifts of property the ownership whereof is transmitted owing to death and as both were made under a marriage contract.

40 With regard to the insurances payable to Sir Mortimer Davis, Incorporated and the Canadian Industrial Alcohol Co. Limited which we have discussed on various occasions, the premiums on which were all paid by the assignees, these we are also advised would not be liable to succession duties as these policies should not be considered as devolving by gratuitous title.

D-43.
Letter to
Mr. Rivard
from A. M.
Reaper,
16th Octo-
ber 1929.

Exhibits.

D-43.

Letter to
Mr. Rivard
from A. M.
Reaper,
16th Octo-
ber 1929—
continued.

— 604 —

We will be obliged if you will kindly give these items your further consideration along with the other items we discussed.

Yours very truly,

FOR THE EXECUTORS ESTATE SIR MORTIMER B. DAVIS,
A. M. REAPER.

10

DEFENDANTS' EXHIBIT D-44

QUEBEC, October 24th, 1929.

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

Dear Mr. Reaper,

20 Your favor of the 16th was received in due course.

I must add that I have just been notified by the Attorney General's Department that the answer to our queries will be sent to us either to-day or to-morrow.

Either Mr. Begin or myself will communicate with you within a few days.

With my best personal regards, I am,

Yours very truly,

30

EUGENE RIVARD,
Solicitor.

DEFENDANTS' EXHIBIT D-45

Quebec, November 7th, 1929.

40 A. M. Reaper, Esq.,
Sir Mortimer Davis, Incorporated,
Montreal, Que.

Re: LATE SIR MORTIMER B. DAVIS ESTATE.

Dear Mr. Reaper,

With further reference to your letter of the 16th ult., in which you stated that you had been advised that the gifts of \$100,000, as

D-45.

Letter
to A. M.
Reaper from
Mr. Rivard,
7th Nov-
ember 1929.

Exhibits.

D-45.
Letter
to A. M.
Reaper from
Mr. Rivard,
7th Nov-
ember 1929
—continued.

per marriage contract of October 20th, 1897, and of \$200,000. under marriage contract of May 24th, 1924, should not be liable to succession duties. I would very much appreciate your securing and forwarding me, at your earliest convenience, the authorities and arguments of your advisers or solicitors. This would enable me to clear the matter in a definite way, before having the record returned to our Montreal Office.

Thanking you in advance for your kindness, I am,

10

Yours very truly,

EUGENE RIVARD,
Solicitor.

DEFENDANTS' EXHIBIT D-46

Montreal, November 15th, 1929.

Eugene Rivard, Esq.,
Solicitor Provincial Revenue Dept.,
20 Quebec, Que.

Dear Mr. Rivard,

In answer to your letter of the 7th inst., we are glad to give you as requested the reasons given to us by our legal advisers on the points that you mention.

Both the gift of \$100,000. of October 20th, 1897, and the gift of \$200,000. of May 24th, 1924, were made in marriage contracts. Section 6a of the Quebec Succession Duties Act (R.S.Q. 1925, Chapter 29) as amended by the Act of 1928 (18 Geo. V. Chapter 17) provides in Section 3 that the law with regard to donations inter vivos in which the donor reserves to himself, in whole or in part, the control, administration, ownership or enjoyment of the property given or part thereof until his death or until a period after his death, does not apply 'whenever such donation inter vivos is made in a marriage contract'. Section 6 of the Succession Duties Act, which also deals with transmissions 'owing to death' makes an exception also for 'the case of any donation inter vivos in a marriage contract'. Sir Mortimer Davis died on March 22nd, 1928, so that these marriage contracts were made about thirty years and four years respectively before his death. The executors submit that in both cases the succession duties are not payable in view of the provisions above referred to.

Yours very truly,

FOR THE ESTATE SIR MORTIMER B. DAVIS,

A. M. REAPER
Executor.

D-46.
Letter to
Mr. Rivard
from A. M.
Reaper,
15th Nov-
ember 1929.

DEFENDANTS' EXHIBIT D-47

QUEBEC, November 26th, 1929.

A. M. Reaper, Esq.,
Sir Mortimer Davis, Inc.,
Montreal, Que.

Exhibits.

D-47.
Letter
to A. M.
Reaper from
Mr. Rivard,
26th Nov-
ember 1929.

RE LATE SIR MORTIMER B. DAVIS ESTATE

10 Dear Mr. Reaper,

Replying to your letter of the 15th inst., I wish to observe that it is quite true that the two donations referred to were made in marriage contracts but, on the other hand, they are not donations inter vivos, but mortis causa donations.

This you will readily admit by reading the following quotation from the marriage contract between Sir Mortimer B. Davis and Lady Eleanor Curran:

20 “Le futur epoux fait donation, a titre irrevocable, a la future epouse, qui accepte, pour le cas ou elle lui survivrait:

“De la pleine propriete d'une somme de DEUX CENT MILLE DOLLARS a prendre sur les plus clairs biens de la succession du donateur.

30 “Cette somme sera exigible dans les trois mois du deces du donateur, sans qu'il puisse etre oppose ou souleve aucune contestation a cet egard, et elle produira de pleine droit, a partir du jour de ce deces, des interets au taux de sept pour cent l'an, payables en meme temps que le capital.”

As regards the donation made in the Marriage Contract between Sir Mortimer B. Davis and Miss Henriette Marie Meyer, it is quite true that same is called a donation inter vivos but, on the other hand, the amount thereof was made payable only at the death of the donor.

It also appears from our record that the said sum of \$100,000 was not paid in the lifetime of the late Sir Mortimer B. Davis.

40 Those are the reasons why the amounts represented by the said deeds of donations cannot be admitted as liabilities of the deceased, or as non-taxable donations.

Trusting that my explanations will be satisfactory to you, I am,

Yours very truly,

EUGENE RIVARD,
Solicitor.

DEFENDANTS' EXHIBIT D-48

MONTREAL, December 5th, 1929.

Eugene Rivard, Esq.,
Solicitor Provincial Revenue Dept.,
Quebec, Que.

Dear Mr. Rivard,

10 Referring to your favor of the 26th ult. with regard to the gifts of \$100,000 as per marriage contract of October 20th, 1897 and of \$200,000 under marriage contract of May 24th, 1924, we have had the matter looked into further and, while we cannot admit the correctness of your contentions, the succession duties will be paid on these donations under protest rather than have further dispute in this connection.

Exhibits.
—
D-48.
Letter to
Mr. Rivard
from A. M.
Reaper,
5th Dec-
ember 1929.

20 We presume we will soon be hearing from you regarding different items which were discussed with Mr. Begin and you in Quebec and which you were to give consideration and, in some instances, secure an opinion from the Attorney General's Department.

With kindest personal regards,

Yours very truly,

FOR THE ESTATE SIR MORTIMER B. DAVIS,
A. M. REAPER.

30

PLAINTIFFS' EXHIBIT P-62

PROVINCE OF QUEBEC
SUCCESSION DUTIES

STATEMENT AND NOTICE

Record No. 6408

Lady Davis
Rt. Hon. Lord Shaughnessy } Trustees and
A. M. Reaper } Executors

P-62.
Demand of
Payment of
Succession
Duties,
\$1,314,209.04.
by Collector
of Provincial
Revenue,
14th Dec-
ember 1929.

40 To the Government of the Province of Quebec, Dr.

For his/her shares of succession duties in the Estate of the late:

Sir Mortimer B. Davis.

Under 4 Geo. V, Chap. 9.....	\$1,314,209.04
Under 4 Geo. V, Chap. 10	
Total.....	\$1,314,209.04

Exhibits.

P-62.
Demand of
Payment of
Succession
Duties,
\$1,314,209.04,
by Collector
of Provincial
Revenue,
14th Dec-
ember 1929
—continued.

With interest at the rate of 5% from the 22nd day of July 1928 until the date of payment.

Please take notice that you shall pay the amount of succession duties above mentioned, to the Collector, or other Provincial Revenue Officers, specially authorized to that effect, in and for the Revenue District of Montreal, at the Succession Duty Office, in Montreal, within thirty days after the notice is sent.

Date of the sending of the notice December 14th, 1929.

10

OSCAR SENECAI,

The Collector of Provincial Revenue
for the Revenue District of Montreal.

20

PLAINTIFFS' EXHIBIT P-63

MONTREAL, January 29th, 1930

Estate Sir Mortimer B. Davis,
Canada Cement Bldg.,
Montreal, Que.

Attention Mr. Reaper,

P-63.
Letter
to Davis
Estate from
Oscar
Senecal
threatening
suit,
29th Janu-
ary 1930.

30 Dear Sir,

Your name appears on a list of arrears which has been prepared to be transmitted to the attorney of this office for collection.

The amount of taxes due is \$1,314,209.04 with interest since the 22nd of July 1928.

By sending your cheque, payable to the order of the Honourable the Provincial Treasurer, for the above amount on or before the 3rd of February next, you will thereby avoid the unnecessary costs of a suit.

40

Yours truly,

COLLECTOR OF PROVINCIAL REVENUE,

OSCAR SENECAI.

PLAINTIFFS' EXHIBIT P-64

MONTREAL, February 8th, 1930.

Estate Sir Mortimer B. Davis,
Canada Cement Bldg.,
Montreal, Que.

Exhibits.

P-64.

Letter
to Davis
Estate from
Oscar
Senecal
again
threatening
suit,
8th Febru-
ary 1930.

10 Attention Mr. Reaper.

Gentlemen:

I have been instructed by the Honourable the Provincial Treasurer to ask you the immediate payment of the sum of \$1,314,209.04 with interest since the 22nd of July 1928 due for succession duties.

If the amount due is not paid at my office on or before Wednesday the 12th inst., I will take legal proceedings against you to enforce that claim.

Yours truly,

20

COLLECTOR OF PROVINCIAL REVENUE
OSCAR SENEAL.

PLAINTIFFS' EXHIBIT P-65

February 17th, 1930.

30 Oscar Senecal, Esq.,
Collector of Provincial Revenue,
445 St. Gabriel Street,
Montreal, P.Q.

Dear Sir:—

We are now pleased to hand you herewith our cheque for \$600,000.—to apply on account of the Succession Duties of this Estate.

40 It is understood that this payment is made without prejudice to any adjustments which have been agreed to or to any claims which we have made or may yet make in connection with the amount sent us.

Yours very truly,

ESTATE SIR MORTIMER B. DAVIS,
Executor.

P-65.

Letter
to Oscar
Senecal
from Davis
Estate
forwarding
cheque for
\$600,000 on
account of
Succession
Duties,
17th Febru-
ary 1930.

DEFENDANTS' EXHIBIT D-49

QUEBEC, February 28th, 1930.

A. M. Reaper, Esq.,
Sir Mortimer Davis, Incorporated,
Montreal, Que.

Dear Mr. Reaper,

Exhibits.

10 RE LATE SIR MORTIMER B. DAVIS ESTATE.

A few days ago, I undertook to readjust a few issues which you raised some time last Fall. I have also forwarded my figures to our Montreal Office with the request to prepare an amended Statement of Account, in which the following changes will be included.

In the first place, the NORTH COBALT PROPERTY will be carried at \$1. as per your original statement. On this item, there will be a rebate of \$15,191.00, as the said property had been assessed at \$15,192.00.

20 The 2,000 shares of TORONTO BOND EXCHANGE, assessed by us at \$2,000. have been reduced to \$1. as per your suggestion.

This makes a reduction of \$17,190. on what I would call the Estate Proper.

As regards the following stocks held by the SIR MORTIMER DAVIS, INCORPORATED, the following changes or allowances have been made:

The ROBT. McNISH debenture shares, primarily assessed by us at \$5. are reduced to \$4.65, according to the quotation given by Messrs. Redpath & Co.

30 The DOMINION REDUCTION COMPANY LIMITED shares have been assessed at \$1. instead of at \$60,000. and the CRESCENT LORRAINE SILVER MINING COMPANY have also been admitted at \$1. instead of at \$21,567.74.

With respect to the Crescent Lorraine Silver Mining Company shares, I would have been justified to take Messrs Poillon & Poirier's estimate of \$3,750, for the whole outstanding shares but the said shares are now practically worth nothing, if anything at all, so I deemed it expedient to carry them at \$1.

40 Those several rebates take the value of the SIR MORTIMER DAVIS, INCORPORATED shares to \$278. instead of \$280.

Trusting that these explanations will be satisfactory to you,
I am,

Yours very truly,

EUGENE RIVARD,
COLLECTOR OF SUCCESSION DUTIES FOR
THE PROVINCE OF QUEBEC.

D-49.
Letter
to A. M.
Reaper from
Mr. Rivard,
28th Febru-
ary 1930.

DEFENDANTS' EXHIBIT D-50

March 8th, 1930.

Eugene Rivard, Esq.,
Collector of Succession Duties,
Parliament Bldgs.,
Quebec, Que.

10 Dear Mr. Rivard,
Kindly accept our thanks for your favor of the 28th ult. in which you advise us of the readjustment of some of the issues which were taken up with you some time last Fall.

Exhibits.

D-50.
Letter to
Mr. Rivard
from A. M.
Reaper,
8th March
1930.

20 There are still some items which were agreed to when I met you and Mr. Begin in Quebec, which have not yet been adjusted. You will remember that it was pointed out that in readjusting values of securities of Sir Mortimer Davis, Incorporated, you had taken Consolidated Asbestos shares at the same price as shares of Asbestos Corporation and it was explained that these shares were entirely different and that the value which we had returned for Consolidated Asbestos shares represented the value of Asbestos Corporation common shares, which would have been coming to Sir Mortimer Davis, Incorporated, had the distribution been made on the basis of values at the date of Sir Mortimer's death and it was agreed that you would make a reduction accordingly to an amount, I think, of approximately \$614,000 instead of the figure you had made when you readjusted the values of the shares of Sir Mortimer Davis, Incorporated of \$1,162,031.25. The value of \$614,000 would give a value of about \$16.50 for the shares of Consolidated Asbestos Limited.

30 It was also agreed that the values of the real estate belonging to Sir Mortimer Davis, Incorporated, were to be put back to our figure of \$184,833.71 instead of the valuation you had given them of \$196,795.35.

There were also several items which you were to get opinions on and advise us as follows:

40 Life Insurances payable to Canadian Industrial Alcohol Co. Limited—it was explained Succession Duties, if any, should be billed direct to the Alcohol Company as the policies were payable to that firm and not to the Estate and, therefore, the Estate was not in a position to collect the duties, even if any were payable. We are of opinion that no duties should be collected on these insurances but if there should be that this is a matter for adjustment between your Department and the Alcohol Company.

With regard to life insurance of \$135,000 payable to Sir Mortimer Davis, Incorporated, we are also of opinion that this should not be

subject to duty and we have been advised accordingly but, in any case, you had agreed that if succession duties were to be claimed from the Estate on this insurance payable to Sir Mortimer Davis, Incorporated, that the amount of these policies would be allowed as a deduction in arriving at the value of the assets of Sir Mortimer Davis, Incorporated.

10 It was also called to your attention that you had included in your bill to the Estate, succession duties on gifts to charities during the lifetime of Sir Mortimer B. Davis and on gratuities which he had made during his lifetime and it was claimed that if succession duties were collectible on such items from parties to whom the Estate had no further payments to make, that these were matters of adjustment between your department and the parties who had received the gifts, as the Estate would have no recourse against such parties for these amounts. You were also to advise us of the amounts of succession duties to be collected from the parties who had been receiving gratuities and who are now receiving annuities so that we might take up with them and secure their authority to deduct these duties from their 20 annuity payments.

You were also to give consideration to the item for executors' fees to Lord Shaughnessy and the writer, which you had capitalized on an annuity basis and charged duties on the basis of gifts to strangers. These fees are not in any way gifts nor should they be considered as such, they are fees for services to be rendered to the Estate and when such services cease, the fees also cease to be paid. The amount for which you have capitalized these fees, we are of opinion should be treated as part of the residue of the Estate and 30 taxed accordingly.

We will be pleased to hear from you regarding the above at your earliest convenience so that the account can be fully considered by the Executors. This is without prejudice to our right to further discuss the assessment of various items made and our liability.

Yours very truly,

ESTATE SIR MORTIMER B. DAVIS,

A. M. REAPER,
Executor.

Exhibits.

D-50.

Letter to
Mr. Rivard
from A. M.
Reaper,
8th March
1930—con-
tinued.

**Exhibit Group No. 24: Correspondence re Quebec Succession
Duties upon Life Insurance Policies**

See also Exhibits D-29, D-30, D-67, D-68, D-69 and D-70.

DEFENDANTS' EXHIBIT D-31 (a)

October 8th, 1928

The Comptroller of Provincial Revenue,
Provincial Revenue Offices,
Quebec, Que.

Exhibits.

10

D-31 (a).
Letter to
Mr. Begin
from Lord
Shaugh-
nessy,
8th October
1928.

RE INSURANCE POLICIES ON LIFE SIR MORTIMER DAVIS

Dear Sir,

Your favor of the 1st inst. to Mr. Senecal, Collector of Provincial Revenue here, has been referred to me and in consequence of which I shall endeavour to give you a full and complete explanation of the exact situation concerning these policies.

When Sir Mortimer Davis formed Sir Mortimer Davis, Incorporated, he undertook to transfer to that Company 2 life insurance policies, viz:

92386 North American Life Assurance Co.....	\$15,000
486064 Aetna Life Insurance Company, for.....	50,000

to the new Company. These policies at the time of transfer conferred benefit upon Sir Mortimer Davis or his Estate, and were subsequently transferred under the terms of an agreement dated September 30th, 1919, to which reference is made in the affidavit of A. M. Reaper, dated July 28th, 1928. It may be stated that all
30 future premiums on these policies, after transfer, were paid by Sir Mortimer Davis, Incorporated. One of these policies, viz: No. 92386, became due and payable and was paid prior to Sir Mortimer's death and, consequently, was not mentioned in the affidavit above referred to.

In addition to the above, there were the following policies, viz:

No. 412429 Travellers Insurance Company, for..	\$75,000
No. 2252362 Equitable Life Assurance Co. for...	45,000
No. 183673 Manhattan Life Assurance Co. for..	5,000
40 No. 2430461 Mutual Life Insurance Co. for.....	10,000

all of which had been taken out by Sir Mortimer and transferred by him to S. Davis & Sons, Limited, of which he was an active officer. Subsequently on January 13th, 1920, all these policies were transferred to Sir Mortimer Davis, Incorporated, in consideration of that Company reimbursing past premiums to S. Davis & Sons, Limited, and thus Sir Mortimer Davis, Incorporated became the beneficiaries under these policies.

In addition to the above, the following policies, viz:
No. 6003 Travellers Life Assurance Company, for \$10,000
No. 549818 Union Central Life Insurance Co., for 100,000
No. 117321 Connecticut General Life Insurance, for 50,000

10 were similarly taken out, payable to H. Corby Distillery Co. Limited, of which Sir Mortimer was an active officer, and subsequently these policies were transferred in September and October 1922 by H. Corby Distillery Co. Limited, or the liquidators thereof, to Canadian Industrial Alcohol Co. Limited, which Company continued to pay the premiums when they became due.

The result is that all these policies belong either to Sir Mortimer Davis, Incorporated or the Canadian Industrial Alcohol Co. Limited, which companies in effect had merely insured the life of an active official, Sir Mortimer Davis, in which life they had an insurable interest and there should be no question but that Succession duties are not payable on these amounts.

20 The affidavit of Mr. Reaper contains all these facts and the omission you point out, to include the second policy transferred by the contract of September 30th, 1919, was merely because that policy had already been paid prior to the death of Sir Mortimer.

I trust with the above explanation, the documents which you have before you will enable you to come to a conclusion in the matter as soon as possible but if there is any further information that you desire I shall be most glad to furnish the same as we would like to have the matter settled with as little delay as possible.

30 Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED,

SHAUGHNESSY,
Vice President.

Exhibits.
—
D-31 (a).
Letter to
Mr. Begin
from Lord
Shaugh-
nessy,
8th October
1928—con-
tinued.

DEFENDANTS' EXHIBIT D-31 (b)

QUEBEC, October 11th, 1928.

Rt. Hon. Lord Shaughnessy, K.C.,
Vice-President "SIR MORTIMER DAVIS, INCORPORATED,"
Canada Cement Building,
Montreal, Que.

Exhibits.

D-31 (b).
Letter
to Lord
Shaugh-
nessy from
Mr. Begin,
11th Octo-
ber 1928.

10 Dear Lord Shaughnessy:

Re: INSURANCE POLICIES ON LIFE OF SIR MORTIMER
DAVIS

I acknowledge receipt of yours of the 8th instant which gives me valuable information as to the issue and transfer of each of the insurance policies therein mentioned.

20 From the information received, I gather that Sir Mortimer Davis was the person designated as the assured in the policies issued, that the insurers have not consented to a substitution of the assured thereunder, and therefore, that Sir Mortimer Davis has remained the assured under these policies.

The other question involved is the gratuity of the devolution. In this respect, I understand that one of the policies, to wit: No. 486064, Aetna Life, \$50,000 was one of the objects sold by Sir Mortimer Davis to Sir Mortimer B. Davis Incorporated, by agreement dated September 30th, 1919, and that the consideration of the sale was stock
30 issued by the purchaser to the vendor—that being so, there is no doubt that the devolution of the insurance money under that policy was made by onerous title.

In regard to the other policies, I am not satisfied, from the information conveyed by the declarations of Mr. Reaper and by your letter of the 8th instant, that the devolution was made by onerous title. We should be properly informed, by the production of documents, as to the circumstances, the reasons, the objects and the considerations of the transfers of the insurance policies by Sir
40 Mortimer B. Davis to the Companies which are mentioned in the declarations of Mr. Reaper and in your letter.

Yours very truly,

THE COMPTROLLER OF PROVINCIAL REVENUE

J. A. BEGIN.

DEFENDANTS' EXHIBIT D-31 (c)

20th October, 1928.

J. A. Begin, Esq.,
Provincial Revenue Offices,
Parliament Buildings,
Quebec, Que.

Exhibits.

D-31 (c).
Letter to
Mr. Begin
from Lord
Shaugh-
nessy,
20th Octo-
ber 1928.

10 Re: INSURANCE POLICIES SIR MORTIMER DAVIS

Dear Mr. Begin,

With reference to your letter of October 11th, in connection with the above matter, it would seem to me that there is some difficulty in our both understanding the matter in the same way, which I have no doubt could be cleared up much better by a personal interview, when next you are in Montreal, than by correspondence.

20 Briefly speaking, you are undoubtedly correct in assuming that Sir Mortimer Davis was the person designated as the assured in all policies, and that he continued to be so until his death, and there was never any question of any substitution of the assured at any time.

30 With reference to the question as to whether the devolution was by onerous or gratuitous title, it would not seem to me to make any great difference, since the question would seem to be who owns the policies at the time of the death of the assured, his estate or other parties, in order to determine whether or not succession duties are payable thereon. In a word, these policies were actually taken out by Sir Mortimer with the intention of transferring them to the Companies of which he was an active official for their sole benefit, and all the policies were so transferred either to Sir Mortimer Davis, Inc., or to other Companies for consideration in every case, that is, for the policies acquired by Sir Mortimer Davis, Inc., S. Davis & Sons, to which Company the policies had previously been transferred, were paid the total amount of premiums paid by them up to the date of acquisition by Sir Mortimer Davis, Inc.

40 In the case of the Industrial Alcohol Company, the policies were purchased from the liquidators of the H. Corby Distillery Company, Limited, which Company was virtually absorbed by the Alcohol Company. You will see, therefore, that in every case the devolution was by onerous titles, and I know of no case where it was gratuitous.

Inasmuch as at the time of the death of Sir Mortimer the Companies in question owned the policies, and had continuously paid the premiums thereon, and were the beneficiaries, and that in the case of Sir Mortimer Davis, Inc. particularly, in the valuation of the stock of that Company the policies owned by them were treated as assets of that Company, it would not appear to me, under a strict interpre-

Exhibits.

D-31 (c).
Letter to
Mr. Begin
from Lord
Shaugh-
nessy,
20th Octo-
ber 1928—
continued.

tation of the Succession Duty Act, that there could be any question but that succession duty is not exigible on the proceeds of these policies.

I would be very much obliged if you would be kind enough to have someone notify my office when you next happen to be in Montreal, when we shall be very glad to discuss the matter with you and produce all documents.

With kindest regards.

10

SHAUGHNESSY.

DEFENDANTS' EXHIBIT D-31 (d)

November 5th, 1928.

J. E. Begin, Esq.,
Comptroller of Provincial Revenue,
20 Parliament Buildings,
Quebec.

D-31 (d).
Letter to
Mr. Begin
from A. M.
Reaper,
5th Nov-
ember 1928.

Re: INSURANCE POLICIES ON THE LIFE OF
SIR MORTIMER B. DAVIS

Dear Sir,

30 With reference to interview which Lord Shaughnessy and the writer had with you on Saturday, with reference to the above, I now hand you herewith copy of a letter written by Sir Mortimer under date of August 31st, 1917, to S. Davis and Sons, Limited, which had reference to the first premium on policies assigned to them, and which were later transferred by S. Davis and Sons Limited, to Sir Mortimer Davis, Incorporated. You will note from this letter that S. Davis and Sons had already made a payment on account of the first premium and Sir Mortimer requests them for payment of the balance which had been advanced by him on their account.

40 We also enclose copy of letter written by Sir Mortimer under date of June 4th, 1916 to S. Davis and Sons, Limited, in which he specifies the Policies of Insurance which had been taken out for them and the amounts.

We also enclose copy of letter under date of July 24th, 1919, from the H. Corby Distillery Company Limited, to Miss Dunne, who was Sir Mortimer's secretary, making a claim that that Company had paid Sir Mortimer \$50,000 to cover the first premium on policies assigned to them and which were later transferred to the Canadian Industrial Alcohol Company Limited, and claiming a refund for the difference between this amount and the actual premium paid. Sir

Mortimer's letter in reply, under date of July 22nd, 1919, copy of which is herewith enclosed, shows that the difference of \$2,108.50 was refunded, and specifies the policies of Insurance which had been assigned.

We also give you a copy of a memorandum made in a journal of Sir Mortimer's, by his secretary Miss Dunne, at the time these policies were taken out and transferred.

10 We think that these enclosures clearly show that the Policies which were assigned to S. Davis and Sons, Limited, and H. Corby Distillery Company Limited, were taken out for that purpose. The Insurance of \$65,000, shown in memorandum of Miss Dunne to have been taken out for Sir Mortimer's personal account, was included by him with other assets which were sold to Sir Mortimer Davis, Incorporated, of which you already have particulars.

Miss Dunne is still in Montreal and is available to confirm the memorandum made by her, if necessary.

Yours very truly,

FOR THE EXECUTORS OF ESTATE OF SIR MORTIMER DAVIS,
A. M. REAPER,

Executor.

Enclosures.

DEFENDANTS' EXHIBIT D-31 (e)

30

November 8th, 1928.

J. E. Begin, Esq.,
Comptroller of Provincial Revenue,
Parliament Buildings,
Quebec, Que.

RE: INSURANCE POLICIES ON LIFE OF SIR
MORTIMER B. DAVIS

Dear Sir,

40 In reply to your favor of the 8th inst., we are pleased to hand you herewith memo giving date of the policies and the yearly premiums.

Yours very truly,

SIR MORTIMER DAVIS, INC.

A. M. REAPER,
Secretary-Treasurer.

Exhibits.
D-31 (d).
Letter to
Mr. Begin
from A. M.
Reaper,
5th Nov-
ember 1928
—continued.

D-31 (e).
Letter to
Mr. Begin
from A. M.
Reaper,
8th Nov-
ember 1928.

DEFENDANTS' EXHIBIT D-31 (f)

QUEBEC, November 8th, 1928

Sir Mortimer Davis, Incorporated,
Canada Cement Building,
Montreal, Que.

Exhibits.

D-31 (f).
Letter to
Incor-
porated
Company
from
Mr. Begin,
8th Nov-
ember 1928.

10 Attention Mr. A. M. Reaper.

RE: ESTATE SIR MORTIMER DAVIS

Dear Sir,

I acknowledge receipt of yours of November the 5th. In connection with these insurances, there is one information which I forgot to ask you when we met in Montreal. Could you give me the date each of the policies were issued, and the yearly premium on each of them?

Yours very truly,

20

THE COMPTROLLER OF PROVINCIAL REVENUE,
J. A. BEGIN.

DEFENDANTS' EXHIBIT D-31 (g)

30

QUEBEC, November 26th, 1928.

Mr. A. M. REAPER,
Secretary-Treasurer,
Sir Mortimer Davis, Inc.,
Canada Cement Bldg.,
Montreal.

D-31 (g).
Letter
to A. M.
Reaper from
Mr. Begin,
26th Nov-
ember 1928.

RE: SUCCESSION SIR MORTIMER B. DAVIS

40 Dear Sir,

I have examined the statement which you have produced giving the names of the policies, the dates at which they were taken, and the premiums.

There is a note at the end of the statement which says that the premiums shown are those given on policies, dividends allowed were deducted in paying premiums.

Exhibits.

D-31 (g).
Letter
to A. M.
Reaper from
Mr. Begin,
26th Nov-
ember 1928
—continued.

As I want to be in possession with the actual facts and the amounts paid out in premiums, will you please make me a list of the amounts deducted in paying the premiums, or at least showing the net premiums paid every year on each of those policies, after deducting therefrom the amounts allowed for dividends, profits, or other deductions.

Yours very truly,

J. A. BEGIN,
COMPTROLLER OF PROVINCIAL REVENUE.

10

DEFENDANTS' EXHIBIT D-31 (h)

Quebec, December 22nd, 1928.

A. M. Reaper, Esq.,
Secretary-Treasurer,
Sir Mortimer Davis, Inc.,
Canada Cement Building,
Montreal, Que.

D-31 (h).
Letter
to A. M.
Reaper from
Mr. Begin,
22nd Dec-
ember 1928.

30

Dear Sir:— RE: Estate Sir Mortimer B. Davis.

Few months ago, you produced to our Montreal Office, in Montreal, a list mentioning eight insurance policies on the life of Sir Mortimer B. Davis, copy of which is hereto annexed as schedule A. Last November, you sent me the lists of policies on the life of Sir Mortimer B. Davis, copies of which are hereto annexed as schedule B.

Shall I presume that the policies mentioned on schedule B which are not mentioned on schedule A are policies in force and payable owing to his death?

40

I would also be pleased to receive at your earliest convenience other information which I called for when we met in Montreal the other day.

Yours very truly,

THE COMPTROLLER OF PROVINCIAL REVENUE,
J. A. BEGIN.

SCHEDULE A

POLICIES ON THE LIFE OF SIR MORTIMER B. DAVIS

	Travellers of Hartford.....	412429		\$75,000
	Aetna of Hartford.....	486064		50,000
	Equitable Life.....	2252362		45,000
	Mutual Life N.Y.....	2430461		10,000
	Manhattan Life N.Y.....	183673		5,000
	Union Central of Cincinnati.....	549818		100,000
10	Connecticut General of Hartford.....	117321		50,000
	Travellers (now Mutual) Life of Montreal.....	6003		10,000
				<u>\$345,000</u>

SCHEDULE B

POLICIES ON LIFE OF SIR MORTIMER B. DAVIS

Policies assigned to S. Davis & Sons, Ltd. and later by S. Davis & Sons, Ltd. to Sir Mortimer Davis, Inc.

	New York Life.....	6151437	July 14/17	\$100,000
	Equitable Life.....	2252362	Aug. 14/17	45,000
20	Travellers.....	412429	June 4/17	75,000
	Manhattan Life.....	183673	June 20/17	5,000
	Per Mutual.....	804942	Aug. 14/17	50,000
	Germania (now Guardian).....	313421	June 6/17	50,000
	Prudential Life.....	2402782	June 8/17	100,000
	Security Mutual.....	129615	June 14/17	10,000
	Fidelity Mutual.....	275886	Aug. 17/17	55,000
	Mutual Life of N.Y.....	2430461	July 23/17	10,000
				<u>\$500,000</u>

30 Policies assigned by Sir Mortimer Davis to Sir Mortimer Davis, Inc.

	Aetna Life.....	486064	June 6/17	50,000
	North American.....	92386	June 14/17	15,000
				<u>\$65,000</u>

Policies assigned to H. Corby Distillery Co. Ltd., and later from H. Corby Distillery Co. Ltd. to the Canadian Industrial Alcohol Co. Ltd.

40	Connecticut General.....	117321	June 4/17	\$50,000
	Union Central.....	549818	June 5/17	100,000
	Mutual Benefit.....	806252	June 7/17	100,000
	Sun Life.....	421936	June 8/17	50,000
	Canada.....	179624	June 9/17	25,000
	Travellers Life (now Montreal Life)	6003	June 12/17	10,000
	Imperial Life.....	56879	June 16/17	165,000
				<u>\$500,000</u>

Exhibits.
 —
 D-31 (h).
 Letter
 to A. M.
 Reaper from
 Mr. Begin,
 22nd Dec-
 ember 1928
 —continued.

DEFENDANTS' EXHIBIT D-31 (i)

Jan. 7, 1929.

J. A. Begin, Esq.,
Comptroller of Provincial Revenue,
Provincial Revenue Offices,
Montreal, Que.

10 Dear Sir.

ATTENTION MR. EUGENE RIVARD

Exhibits.

D-31 (i).
Letter to
Mr. Begin
from A. M.
Reaper,
7th January
1929.

20 Referring to your letter of December 22nd from Quebec, which you left with me this morning regarding policies on the life of Sir Mortimer B. Davis—the 8 policies as listed on your schedule A are the only policies which were in force at the time of Sir Mortimer's death, 5 of these being held by Sir Mortimer Davis, Incorporated and 3 by the Canadian Industrial Alcohol Co. Limited. The list of policies sent you in November showed all policies on the life of Sir Mortimer which had been assigned to these Companies and included the 8 policies mentioned above. The other policies were 10-year endowments and matured in 1927, when they were paid.

Yours very truly,

ESTATE SIR MORTIMER B. DAVIS,

A. M. REAPER,

Executor.

30

DEFENDANTS' EXHIBIT D-31(j)

445 St. Gabriel, Montreal,

File No. 6408

January 9th, 1929.

40 A. M. Reaper, Esq.,
Sir Mortimer B. Davis, Inc.,
Canada Cement Bldg.,
Montreal.

D-31 (j).
Letter
to A. M.
Reaper from
Mr. Rivard,
9th January
1929.

Dear Sir:— Re: Estate late Sir Mortimer B. Davis.

I wish to acknowledge receipt of your communication dated the

Exhibits.

— 623 —

D-31 (j).
Letter
to A. M.
Reaper from
Mr. Rivard,
9th January
1929—con-
tinued.

7th inst. stating that but 8 insurance policies were in force when Sir Mortimer B. Davis died.

Thanking you for this information, I am,

Yours very truly,

COLLECTOR OF PROVINCIAL REVENUE,

Per: Eugene Rivard,
Advisor.

10

20

DEFENDANTS' EXHIBIT D-31 (k)

Feb. 21/29.

D-31 (k).
Letter to
Mr. Begin
from A. M.
Reaper,
21st Febru-
ary 1929.

J. E. Begin, Esq.,
Comptroller of Provincial Revenue,
Parliament Buildings,
Quebec, Que.

30 Dear Sir

Both the Canadian Industrial Alcohol Co. Ltd. and Sir Mortimer Davis, Incorporated have been enquiring as to when they may expect to receive permits on the policies of insurance held by them on the life of the late Sir Mortimer B. Davis. The insurance companies are also anxious that these policies be paid and the claims settled.

We trust that you are now in a position to issue the required permits to the insurance companies and will appreciate hearing from you in this connection at your earliest convenience.

40

Yours very truly,

FOR THE EXECUTORS ESTATE SIR MORTIMER B. DAVIS,

A. M. REAPER,
Executor.

DEFENDANTS' EXHIBIT D-31 (l)

23rd March, 1929.

Exhibits.

D-31 (l).
Letter to
Mr. Begin
from A. M.
Reaper,
23rd March
1929.

J. E. Begin, Esq.,
Comptroller of Provincial Revenue,
Parliament Buildings,
Quebec, Que.

10 Dear Sir,

On February 21st we wrote calling to your attention that both the Canadian Industrial Alcohol Company Limited and Sir Mortimer Davis, Incorporated, had been inquiring when they might receive permits from your Department authorising the Insurance Companies to make payment of policies held by them on the life of the late Sir Mortimer B. Davis.

20 The Insurance Companies are anxious to have these claims disposed of, and the above Companies would naturally like to receive the payments as soon as possible. They are losing a considerable amount in interest and would very much appreciate it if you could arrange to issue the required permits to the Insurance Companies promptly.

Yours very truly,

FOR THE EXECUTORS ESTATE SIR MORTIMER B. DAVIS,

A. M. REAPER,

Executor.

30

DEFENDANTS' EXHIBIT D-31 (m)

QUEBEC, March 26th, 1929.

D-31 (m).
Letter
to A. M.
Reaper from
Mr. Begin,
26th March
1929.

40 A. M. Reaper, Esq.,
c/o Sir Mortimer Davis, Inc.,
Canada Cement Bldg.
Montreal.

Dear Sir,

I acknowledge receipt of yours of March 23rd.

As you are aware, my time is very much taken up with sessional work. I expect that the Session will be over in the middle of the week, and next Tuesday I will write to you on the subject.

Exhibits.

D-31 (m).
Letter
to A. M.
Reaper from
Mr. Begin,
26th March
1929—con-
tinued.

— 625 —

I understand from Mr. Rivard that there are still some information which you have not yet given to him.

Yours very truly.

J. A. BEGIN,
Comptroller of Provincial Revenue.

10

DEFENDANTS' EXHIBIT D-31 (n)

Quebec, April 8th, 1929

A. M. Reaper, Esq.,
Executor Estate Sir Mortimer B. Davis,
Canada Cement Bldg.
Montreal.

Re: Sir Mortimer B. Davis Estate.

D-31 (n).
Letter to
to A. M.
Reaper from
Mr. Begin,
8th April
1929.

20

Dear Mr. Reaper:—

I have gone over the documents produced in connection with the following policies on the life of the late Sir Mortimer B. Davis, to wit:

412429—	Travellers of Hartford	\$75,000
486064—	Aetna of Hartford	50,000
2252362—	Equitable Life U.S.	45,000
2430461—	Mutual Life N.Y.	10,000
30 183673—	Manhattan Life N.Y.	5,000
549818—	Union Central of Cincinnati	100,000
117321—	Connecticut General of Hartford	50,000
6003—	Travellers now Montreal Life, of Montreal	10,000
		<hr/>
		\$345,000

The Company called Sir Mortimer Davis Incorporated is the beneficiary under the first five above mentioned policies, and the Canadian Industrial Alcohol Company Limited is the beneficiary under the last three above policies.

The only question at issue is whether in all or any of those cases the devolution from the assured to the beneficiary was made by gratuitous title or not.

Generally, life insurance is a measure of protection taken by an assured in favor of a beneficiary against the loss which the latter may sustain by reason of the death of the former. Such is the case

when the husband insures his life in favor of his children, when a person insures his life in favor of his dependants, when a party interested in an enterprise insures his life in favor of the undertaking, when the employee insures his life in favor of his employer, when the officer or director insures his life in favor of the corporation of which he is an officer or a director.

10 The degree of family relationship or the lack of family relationship between the assured and the beneficiary does not change this general rule. Whether the relation which exists between them is one of natural love or one of interest, the principal of protection exists and remains the same and any protection granted by one person to another implies necessarily a liberality.

In other words, the devolution from an assured to a beneficiary is, as a rule, a donation. The principle of liberality forms the basis of both of them and their characteristics are the same.

20 Donations may be made free of charges or may be made subject to charges and the fact that they are made subject to charges does not deprive them from their character of liberality, they are still donations. Charges in a donation affect the value of the grant but not its nature, and, whether those charges are in favor of the donor or at his exoneration, the effect is the same.

30 The same characteristic is found in a devolution from the assured to the beneficiary. The devolution may be made free of charges or may be made subject to charges and the fact that it is made subject to charges, for instance, the payment of the character of liberality, it only affects its value to the beneficiary but not its nature.

40 These are the general rules applicable to devolutions from an assured to a beneficiary. There are however, exceptions to these rules when the insurance money becomes itself the consideration or the object of a contract which, in its nature, is a contract by onerous title.

For instance, the insurance money may be transferred by a debtor to his creditors in payment of his debt, or it may be transferred by the purchaser of a property to his lender, in payment or in part payment of his purchase price, or it may be sold out as an asset of the assured.

In those instances, the insurance money becomes the consideration or the object of a contract which, in its nature, is a contract by onerous title, and the devolution, in such cases, does not involve any liberality.

The expression "for value received" which is found in all forms of transfer does not affect the nature of the devolution nor change it.

Exhibits.

D-31 (n).
Letter
to A. M.
Reaper from
Mr. Begin,
8th April
1929—con-
tinued.

If the devolution is otherwise by gratuitous title it remains so, if is it otherwise by onerous title it remains so, By itself, it does not mean that the devolution is by onerous title. In fact, we find that expression used in transfers of policies made purely out of natural love, for instance, from an husband to his wife, or from a father to his children.

The foregoing remarks may be summarized, as follows:

- 10 1o. The insurance money devolves by gratuitous title if the devolution is a measure of protection; it devolves by onerous title if the insurance money becomes the object or the consideration of a contract which, of its nature, is an onerous title.
- 2o. The payment of the premiums by a beneficiary for the assured does not change the character of a devolution which otherwise is a measure of protection. It constitutes only a change which affects the value of the insurance money for the beneficiary.
- 20 3o. The expression "for value received" found in transfers of policies does not change the character of a devolution.

If you apply those principles to the policies above enumerated you will find:

1o. That the one for \$50,000. in the Aetna of Hartford, No. 486064, is not subject to succession duties because it was one of a group of property and rights sold by the assured to the beneficiary.

2o. That the other seven policies are subject to succession duties, because they were transferred from the assured to the beneficiary as a measure of protection. However, as the insurance money is not worth to the beneficiary the face value of the policies, on account of the net premium he has paid, the deduction of those premiums is allowed.

Yours very truly,

J. A. BEGIN,
COMPTROLLER OF PROVINCIAL REVENUE.

Exhibits.

D-31 (n).

Letter
to A. M.
Reaper from
Mr. Begin,
8th April
1929—con-
tinued.

30

40

DEFENDANTS' EXHIBIT D-31 (o)

Montreal, 13th April, 1929.

J. A. Begin, Esq.,
Comptroller of Provincial Revenue,
Parliament Buildings,
Quebec, Que.

Exhibits.

D-31 (o).
Letter to
Mr. Begin
from A. M.
Reaper,
13th April
1929.

10

Dear Sir:—

We thank you for your favor of the 8th instant with reference to Insurance Policies on the life of Sir Mortimer B. Davis, held by Sir Mortimer B. Davis, Incorporated and the Canadian Industrial Alcohol Company Limited.

20

We note that Policy No. 486064 of the Aetna of Hartford, for \$50,000.00, held by Sir Mortimer Davis, Incorporated, is not subject to succession duties, but that you consider the other policies to have devolved by gratuitous title to the above Companies and are therefore subject to succession duties on the amount of the policy values less premiums which have been paid. We are somewhat surprised at this as the policies were taken out by the Companies which had an insurable interest in the life of Sir Mortimer, and all premiums were paid by them. It is, therefore, difficult to see how devolution from the assured to the beneficiaries devolved by gratuitous title.

30

However, while not admitting your contention, and without prejudice to any of the rights of any of the interested parties, we would be obliged if you will kindly advise us what you figure the amount you consider would be payable by Sir Mortimer Davis, Incorporated and the Canadian Industrial Alcohol Company, Limited, on the policies held by them. In making your calculations we presume that interest will be allowed for on the premiums paid, as this is just as much a part of the cost as the premiums, for reason that if premiums had not been paid the money could have been used for other purposes to earn a profit.

40

We would also point out that the face value of the Insurance Policies, and more particularly those held by Sir Mortimer Davis, Incorporated, are included in the assets of that Company, and were included in arriving at the value of the shares as shown in the returns of the Estate. To assess the policies in the hands of the beneficiary would mean that duties would be assessed twice, unless the amount on which succession duties are charged in the hands of the beneficiary would be allowed in arriving at the value of the shares.

As the Aetna of Hartford Policy No. 486064 is free, we presume there will be no objection to issuing an authorization to the Insurance

Exhibits.

— 629 —

D-31 (o).
Letter to
Mr. Begin
from A. M.
Reaper,
13th April
1929—con-
tinued.

Company to make payment of same, and we would be obliged if you will kindly send us this certificate.

Yours very truly,

FOR THE EXECUTORS OF THE ESTATE SIR MORTIMER B. DAVIS,
A. M. REAPER
Executor.

10

DEFENDANTS' EXHIBIT D-31 (p)

QUEBEC, April 26th, 1929.

A. M. Reaper, Esq., Executor,
c/o Sir Mortimer Davis, Incorporated,
Canada Cement Building,
Montreal, P.Q.

D-31 (p).
Letter
to A. M.
Reaper from
Mr. Rivard,
26th April
1929.

20 RE LATE SIR MORTIMER B. DAVIS ESTATE

Dear Mr. Reaper,

I have just sent back the above record to Montreal. I have also given instructions to our Montreal Office to reach you the waiver for the payment of the \$50,000.00 insurance policy in the Aetna of Hartford, as per your request of the 13th instant.

With my best regards, I am,

Yours very truly,

30

EUGENE RIVARD,
Solicitor.

DEFENDANTS' EXHIBIT D-31 (q)

May 2, 1929.

Eugene Rivard, Esq.,
Solicitor,
40 Provincial Revenue Offices,
Quebec, Que.

D-31 (q).
Letter to
Mr. Rivard
from A. M.
Reaper,
2nd May
1929.

RE YOUR FILE SUCCESSIONS

Dear Mr. Rivard,

Thank you for your favor of the 26th ult. advising that you have given instructions to your Montreal office to issue to us a waiver to

the Aetna Life Insurance Co. of Hartford, authorizing them to make payment of insurance policy of \$50,000 and are looking forward to the receipt of same.

Exhibits.

—
D-31 (q).
Letter to
Mr. Rivard
from A. M.
Reaper,
2nd May
1929—*con-
tinued.*

Yours very truly,

SIR MORTIMER DAVIS, INCORPORATED,
A. M. REAPER,
Secretary-Treasurer.

10

20

30

40

**Exhibit Group No. 25: Canadian Industrial Alcohol Co.
Annual Statements 1925 to 1929, and Supplements thereto**

Exhibits.
D-78.
Balance Sheet of Canadian Industrial Alcohol Co., Ltd., 30th September 1925.

**DEFENDANTS' EXHIBIT D-78
CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED**

<p>Dr. To Dividends: Four quarterly Dividends aggregating \$1,024,000.00 To balance as per Balance Sheet..... 335,026.56</p>	<p>Cr.</p>	<p>By net profit for the year after deducting administration expenses and making provision for depreciation and Income Tax</p>
<p>\$1,359,026.56</p>		<p>\$1,359,026.56</p>

BALANCE SHEET

ASSETS

Real estate, buildings, machinery, goodwill, etc., less depreciation	\$ 5,339,010.10
Shares in Associated Companies and other investments.	5,322,569.50
Stocks on hand at cost.....	2,446,276.91
Sundry debtors (less provision for doubtful debts) and debit balances, including Associated Companies	649,174.05
Cash in bank and on hand.....	244,803.39

LIABILITIES

Bank loan	\$ 1,460,000.00
Sundry creditors and credit balances, including Associated Companies	654,344.83
Dividend payable 15th October, 1925.....	256,000.00
Shareholders' Account:—	
Capital Stock:	
Authorized—1,000,000 Shares without nominal or par value.	
Issued—800,000 Shares for acquisition of assets and undertakings, exclusive of surplus, of former Canadian Industrial Alcohol Company Limited	10,000,000.00
Surplus:	
Accumulated Surpluses of former companies, \$1,296,462.56	
Profit and Loss Account 335,026.56	

1,631,489.12

Contingent Liability: Bills Receivable Discounted—\$727,242.00.....	11,631,489.12
	<p>\$14,001,833.95</p>

Approved on behalf of the Board.

(Signed) J. B. WADELLE,
(Signed) W. S. RAINER,
Directors

We have examined the above Balance Sheet with the books of the Company and have obtained all the information and explanations we require. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

MONTREAL, 25th November 1925.

(Signed) DELOITTE, PLENDER, HASKINS & SELLS
AUDITORS

Exhibits.
—
D-77.
Balance Sheet of Canadian Industrial Alcohol Co., Ltd., 30th September 1926.

DEFENDANTS' EXHIBIT D-77
CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

Dr. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1926 Cr.

To Dividends: Four quarterly Dividends aggregating \$1.28 per Share \$1,024,000.00	
To balance as per Balance Sheet.....	1,420,877.99
	<u>\$2,444,877.99</u>

BALANCE SHEET

ASSETS

Real estate, buildings, machinery, goodwill, etc., less depreciation	\$ 4,209,760.38
Shares in Associated Companies and other investments.	5,381,740.00
Stocks on hand at cost.....	3,030,015.49
Sundry debtors (less provision for doubtful debts) and debit balances, including Associated Companies....	698,233.53
Cash in bank and on hand.....	544,178.52

30TH SEPTEMBER, 1926

LIABILITIES

Sundry creditors and credit balances, including Associated Companies	\$ 890,587.37
Dividend payable 15th October, 1926	256,000.00
Shareholders' Account: Capital Stock: Authorised—1,000,000 Shares without nominal or par value.	
Issued—800,000 Shares	\$10,000,000.00
Surplus: Accumulated Surpluses of former companies. \$1,296,462.56	
Profit and Loss Account 1,420,877.99	

2,717,340.55

Contingent Liability:	12,717,340.55
Bills Receivable Discounted—\$29,178.00	<u>\$13,863,927.92</u>

Approved on behalf of the Board.

(Signed) SHAUGHNESSY,
(Signed) W. S. RAINER,
Directors

We have examined the above Balance Sheet with the books of the Company and have obtained all the information and explanations we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

MONTREAL, 23rd November, 1926.

(Signed) DELOITTE, PLENDER, HASKINS & SELLS
AUDITORS

DEFENDANTS' EXHIBIT D-76
CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

Dr. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1927 Cr.

To Dividends:		
Four quarterly Dividends at the rate of \$1.28 per Share per annum.....	\$1,189,228.80	
To Stock Bonus distributed 15th January, 1927.....	807,900.00	\$2,413,996.05
To balance as per Balance Sheet.....	1,837,745.24	1,420,877.99
	<u>\$3,834,874.04</u>	<u>\$3,834,874.04</u>

BALANCE SHEET

ASSETS

Real estate, buildings, machinery, goodwill, etc., less depreciation	\$ 4,545,499.85
Shares in Associated Companies and other investments.....	5,293,263.75
Stocks on hand at cost.....	3,431,522.24
Sundry debtors (less provision for doubtful debts) and debit balances, including Associated Companies.....	1,537,865.49
Cash in bank and on hand.....	510,403.29
	<u>\$15,318,554.62</u>

Approved on behalf of the Board.
(Signed) SHAUGHNESSY,
(Signed) E. LAUSTER,
Directors

We have examined the above Balance Sheet with the books of the Company and have obtained all the information and explanations we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

MONTREAL, 29th November, 1927.

(Signed) DELOITTE, PLENDER, HASKINS & SELLS
AUDITORS

30TH SEPTEMBER, 1927

LIABILITIES

Sundry creditors and credit balances, including Associated Companies	\$ 916,113.22
Dividend payable 15th October, 1927.....	310,233.60
Shareholders' Account:	
Capital Stock:	
Authorized—1,500,000 Shares without nominal or par value.....	\$10,958,000.00
Issued—969,480 Shares	3,134,207.80
Surplus:	
Accumulated Surpluses of former Companies.....	\$1,296,462.56
Profit and Loss Account 1,837,745.24	
	<u>14,092,207.80</u>
	<u>\$15,318,554.62</u>

PLAINTIFFS' EXHIBIT P-111—1

CANADIAN INDUSTRIAL ALCOHOL COMPANY, LIMITED.

Dr. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1928. Cr.

To DIVIDENDS.....	1,614,041.64	By NET PROFIT FOR THE YEAR AFTER DEDUCTING	
" BALANCE AS PER BALANCE SHEET.....	3,360,383.74	ADMINISTRATION EXPENSES AND MAKING PRO-	
		VISION FOR DEPRECIATION AND INCOME TAX...	3,136,680.14
		" BALANCE BROUGHT FORWARD FROM LAST AC-	
		COUNT.....	1,837,745.24
			<u>\$4,974,425.38</u>

Exhibits.
—
P-111.
Annual
Statement,
Canadian
Industrial
Alcohol Co.,
Ltd.,
30th Sept-
ember 1928.

BALANCE SHEET—SEPTEMBER 30, 1928.

ASSETS		LIABILITIES	
REAL ESTATE, BUILDINGS, MACHINERY, GOODWILL, ETC. LESS DEPRECIATION.....	5,140,921.15	SUNDRY CREDITORS AND CREDIT BALANCES, INCLUD- ING ASSOCIATED COMPANIES.....	808,285.48
SHARES IN ASSOCIATED COMPANIES AND OTHER IN- VESTMENTS.....	5,210,343.75	DIVIDEND PAYABLE OCTOBER 15, 1928.....	415,213.08
STOCK ON HAND AT COST.....	4,540,773.45	SHAREHOLDERS ACCOUNT: Capital Stock: Authorised: 1,500,000 Shares without nomi- al or par value, divided into 1,000,000 Voting Shares and 500,000 Non Voting Shares.	
SUNDRY DEBTORS (Less Provision for Doubtful Debts) AND DEBIT BALANCES, INCLUDING ASSOCIATED COM- PANIES.....	3,589,023.37	Issued: 969,480 Voting Shares.....	10,958,000.00
CASH IN BANK AND ON HAND.....	793,003.14	123,186 Non Voting Shares.....	2,435,720.00
		Surplus: Accumulated Surpluses of former Companies 1,296,462.56 Profit and Loss Account 3,360,383.74	4,656,846.30
			<u>18,050,566.30</u>
			<u>\$19,274,064.86</u>

APPROVED ON BEHALF OF THE BOARD:

SHAUGHNESSY }
E. LAUSTER } *Directors.*

We have examined the above Balance Sheet with the books of the Company and have obtained all the information and explanations we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

DELOITTE, PLENDER, HASKINS & SELLS,
Auditors.

Montreal, November 29, 1928.

Exhibits.

P-111.
Annual
Statement,
Canadian
Industrial
Alcohol Co.,
Ltd.,
30th Sept-
ember 1928
—*continued.*

PLAINTIFFS' EXHIBIT P-111-2

CANADIAN INDUSTRIAL ALCOHOL COMPANY, LIMITED.

DR.	TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1929.		CR.	
To COST OF MERCHANDISE SOLD:			BY SALES, LESS RETURNS:	
Pure Alcohol.....	116,308.31		Pure Alcohol.....	178,498.85
Denatured Alcohol.....	305,333.80		Denatured Alcohol.....	512,514.40
Ethyl Alcohol—Export.....	167.45		Ethyl Alcohol—Export.....	293.82
Spirits.....	1,471,278.81		Spirits.....	1,910,357.30
Chemicals.....	7,584.62		Chemicals.....	9,606.27
	<u>1,900,672.99</u>			<u>2,611,270.64</u>
“ SALES ALLOWANCES.....		208.30		
“ WAREHOUSE EXPENSES:				
Corbyville.....	353.21			
Montreal.....	9,741.36			
Toronto.....	15,155.98			
Windsor.....	1,008.14			
		<u>26,258.69</u>		
“ GROSS PROFIT CARRIED DOWN.....		684,130.66		
		<u>\$2,611,270.64</u>		<u>\$2,611,270.64</u>
To SELLING EXPENSES:				
Sales Management Salaries and Expenses.....	10,323.52		BY GROSS PROFIT BROUGHT DOWN.....	684,130.66
Montreal Office Salaries—Sales Dept.....	9,778.45		“ DISCOUNTS.....	1,700.88
Travellers' Salaries.....	9,431.50		“ MISCELLANEOUS EARNINGS, LESS LOSSES.....	122,998.19
Traveller's Expenses.....	1,887.74			
Montreal Sales Office Expenses.....	6,843.32			
Salesmen's Auto Expenses.....	2,628.82			
Advertising.....	30,115.36			
Commissions.....	46.76			
Sampling.....	1,255.54			
Miscellaneous.....	6,864.56			
		<u>79,175.57</u>		
“ SHIPPING EXPENSES:				
General Shipping Expenses.....	18,759.17			
Shipping Containers Freight.....	7,902.18			
Freight Outwards.....	29,352.52			
Returned Goods Freight.....	170.25			
Railway Siding Expense.....	1,575.98			
Depreciation of Drums.....	13,068.96			
Inter-Company Shipping Expenses.....	18,600.35			
		<u>89,429.41</u>		
“ GENERAL EXPENSES:				
Montreal Office General Overhead Expense.....	58,706.30			
Directors Fees.....	3,888.73			
Legal Expense.....	3,399.78			
General Travelling Expense.....	767.15			
Telephones and Telegrams.....	862.38			
Stationery and Office Expense..	1,034.27			
Postage.....	1,059.77			
Tax Stamps.....	149.37			
Bank Collection Charges.....	1,223.19			
Transfer Agents and Registrars Fees, etc.....	44,088.52			
Audit Fee.....	3,090.00			
Employees Group Life and Health Insurance.....	3,508.57			
Miscellaneous.....	2,993.40			
		<u>125,225.43</u>		
“ RESERVE FOR BAD AND DOUBTFUL DEBTS.....		3,476.28		
“ BALANCE CARRIED DOWN.....		511,523.04		
		<u>\$808,829.73</u>		<u>\$ 808,829.73</u>

Exhibits.
 P-111.
 Annual
 Statement,
 Canadian
 Industrial
 Alcohol Co.,
 Ltd.,
 30th Sept-
 ember 1928
 —continued.

PLAINTIFFS' EXHIBIT P-111—3

CANADIAN INDUSTRIAL ALCOHOL COMPANY, LIMITED.

DR.			CR.
	TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1928.		
			511,523.04
To RESERVE FOR UNEARNED INTER-COMPANY PROFITS	19,000.00	By BALANCE BROUGHT DOWN	213,932.77
" RESERVE FOR DOMINION INCOME TAX, 1928	50,254.68	" INTEREST	725,455.81
	<u>69,254.68</u>		<u>479.01</u>
" BALANCE, BEING NET PROFIT FOR THE YEAR	3,136,680.14	" ADJUSTMENT OF DOMINION INCOME TAX, 1927	725,934.82
		" DIVIDENDS RECEIVED:	2,480,000.00
		Consolidated Distilleries Limited	<u>\$3,205,934.82</u>
			<u>\$3,205,934.82</u>

Exhibits.

—
P.99.

Annual
Statement,
Canadian
Industrial
Alcohol Co.,
Ltd.,
30th Sept-
ember 1929
—*continued.*

PLAINTIFFS' EXHIBIT P-99-2

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

DR. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1929. Cr.

TO COST OF MERCHANDISE SOLD:

Pure Alcohol.....	\$ 130,133.12	
Denatured Alcohol.....	244,802.90	
Ethyl Alcohol—Export.....	270.41	
Spirits.....	1,277,348.21	
Chemicals.....	2,907.37	
		1,655,462.01

“ SALES ALLOWANCE..... 31.39

“ WAREHOUSE EXPENSES:

Corbyville.....	428.75	
Montreal.....	8,061.19	
Toronto.....	11,086.20	
Windsor.....	1,377.49	
St. John.....	202.80	
		21,156.43

“ GROSS PROFIT CARRIED DOWN.. 133,992.03

\$1,810,641.86

BY SALES, LESS RETURNS:

Pure Alcohol.....	\$ 158,852.48
Denatured Alcohol.....	353,927.84
Ethyl Alcohol—Export.....	531.84
Spirits.....	1,293,343.55
Chemicals.....	3,986.15
	1,810,641.86

\$1,810,641.86

TO SELLING EXPENSES:

Sales Management Salaries and Expenses.....	9,767.88	
Montreal Office Salaries—Sales Dept.....	10,162.49	
Travellers' Salaries.....	8,445.29	
Travellers' Expenses.....	2,313.45	
Montreal Sales Office Expense.....	6,537.36	
Salesmen's Auto Expenses.....	2,412.54	
Advertising.....	25,069.29	
Commissions.....	252.11	
Sampling.....	800.81	
Miscellaneous.....	5,629.73	
		71,390.95

“ SHIPPING EXPENSES:

General Shipping Expense.....	22,731.26	
Shipping Containers' Freight.....	6,933.30	
Freight Outwards.....	24,919.45	
Returned Goods Freight.....	47.79	
Railway Sidings Expense.....	1,408.49	
Depreciation of Drums.....	15,685.30	
Inter-Company Shipping Expenses.....	15,995.34	87,720.93

“ GENERAL EXPENSES:

Montreal Office General Overhead Expense.....	77,872.25	
Directors' Fees.....	1,958.30	
Legal Expense.....	2,001.17	
General Travelling Expense.....	5,110.05	
Telephones and Telegrams.....	764.10	
Stationery and Office Expense.....	1,540.91	
Postage.....	1,012.80	
Tax Stamps.....	140.50	
Transfer Agents and Registrars' Fees, etc.....	39,500.00	
Audit Fee.....	2,115.00	
Employees' Group Life and Health Insurance.....	4,551.73	
Miscellaneous.....	3,006.26	
		139,573.07

“ RESERVE FOR BAD AND DOUBTFUL DEBTS..... 2,583.84

\$301,268.79

BY GROSS PROFIT BROUGHT DOWN..... 133,992.03
 “ DISCOUNTS AND EXCHANGE..... 1,291.92
 “ BALANCE CARRIED DOWN..... 165,984.84

\$1,810,641.86

\$301,268.79

Exhibits.
 P-99.
 Annual
 Statement,
 Canadian
 Industrial
 Alcohol Co.,
 Ltd.,
 30th Sept-
 ember 1929
 —continued.

PLAINTIFFS' EXHIBIT P-99—3

CANADIAN INDUSTRIAL ALCOHOL LIMITED

Dr.	TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1929.	Cr.
To BALANCE BROUGHT DOWN	\$ 165,984.84	By INTEREST..... \$ 267,200.10
“ MISCELLANEOUS LOSSES LESS EARNINGS	6,347.84	“ DIVIDENDS RECEIVED:
“ RESERVE FOR DOMINION INCOME TAX, 1929	5,889.96	Consolidated Distilleries Limited \$1,916,320.00
“ BALANCE BEING NET PROFIT FOR THE YEAR	2,073,977.46	Canadian Industrial Alcohol Company of Manitoba Lim- ited..... 68,680.00
	<u>\$2,252,200.10</u>	<u>1,985,000.00</u>
	<u>\$2,252,200.10</u>	<u>\$2,252,200.10</u>

Exhibits.

P-121.

Details of shares in Associated Companies, &c., held by Canadian Industrial Alcohol Co., Ltd., \$5,219,717.89.

PLAINTIFFS' EXHIBIT P-121

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

10

DETAILS OF SHARES IN ASSOCIATED COMPANIES AND OTHER INVESTMENTS

AS AT 30TH SEPTEMBER 1929

CONSOLIDATED DISTILLERIES LIMITED:

30,000 Common Shares of \$100.00 Each (Fully Paid)..... **\$3,000,000.00**

CANADIAN INDUSTRIAL ALCOHOL CO. OF MANITOBA LTD.

20 19,600 Common Shares of \$100.00 Each (Fully Paid)..... **1,960,000.00**

ROBERT McNISH & COMPANY LIMITED:

5,976 6Cumulative Preference Shares of £1 Each.....
9,000 Ordinary Shares of £1 Each..... **243,343.75**

ROBERT McNISH & COMPANY LIMITED:

20 Year 6 Guaranteed Debenture Stock..... 19,090.00
Interest on above Debentures..... 65.73
Tax on above Debentures purchased..... 3.51
Discount on above Debentures..... 2,785.10
16,374.14

30

TOTAL AS PER BALANCE SHEET..... \$5,219,717.89

PARTICULARS OF ROBERT McNISH & COMPANY LTD. DEBENTURES

Certificate No. 4373 Canadian Industrial Alcohol Company Ltd. **6,040.00**
" " 4378 " " " " " **7,500.00**
" " 4399 " " " " " **5,550.00**

40

\$19,090.00

Exhibits.

—
P-119.
Statement
of stocks of
Liquor on
hand at
cost,
\$10,138,665.98,
30th Sept-
ember 1929.

PLAINTIFFS' EXHIBIT P-119

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED AND SUBSIDIARY COMPANIES

STOCKS ON HAND

AS AT SEPTEMBER 30th, 1929.

	Canadian Industrial Alcohol Company Limited	Canadian Industrial Alcohol Co. of Manitoba Limited	Consolidated Distilleries of Manitoba Limited	Consolidated Distilleries of Manitoba & Company Limited	J. M. Douglas & Company Limited	Wiser's Distillery Limited	St. Hyacinthe Distillery Co. Limited	Canadian Cuban Export Co. Ltd.	Robert McNish & Co. Ltd.	TOTAL
Stocks of Alcohol, valued on the basis of cost . . .	\$4,534,943.23	.....	1,573,361.58	\$ 65,270.23	.....	\$ 136,057.33	\$ 5,393.08	\$ 81,001.10	\$1,937,232.37	\$8,332,258.92
Stocks of Molasses, Corn, etc., Fuel, Drums, Barrels and Supplies at cost or market value.	1,220,736.64	.....	184,112.52	1,259.31	.....	52,124.30	13,121.69	.....	337,571.22	1,806,407.06
	\$5,755,679.87	.....	\$1,757,474.10	\$63,010.92	.....	\$188,181.63	\$18,514.77	\$81,001.10	\$2,274,803.59	\$10,138,665.98

PLAINTIFFS' EXHIBIT P-144

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED AND SUBSIDIARIES

INDUSTRIAL AND BEVERAGE SPIRIT STOCKS INSURED

AS AT 30th SEPTEMBER, 1929

	INDUSTRIAL SPIRITS Gallonage	Value	BEVERAGE SPIRITS Gallonage	Value
CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED:				
Bulk.....	375,284.30	195,887.36	7,875,022.93	27,752,106.28
Bottled.....	36.36	269.82	27,510.00	189,916.35
	<u>375,320.66</u>	<u>\$196,157.18</u>	<u>7,902,532.93</u>	<u>\$27,942,022.63</u>
CONSOLIDATED DISTILLERIES LIMITED:				
Bulk.....			39,065.00	156,260.00
Bottled.....			456,760.66	2,443,240.00
			<u>495,825.66</u>	<u>2,599,500.00</u>
St. HYACINTHE DISTILLERY COMPANY LIMITED:				
Bulk.....	53.00	20.80	94,982.00	102,741.55
Bottled.....			471.00	2,627.00
	<u>53.00</u>	<u>20.80</u>	<u>95,453.00</u>	<u>105,368.55</u>
Wiser's DISTILLERY LIMITED:				
Bulk.....			343,435.14	1,289,287.87
Bottled.....			19,403.11	114,012.50
			<u>362,838.25</u>	<u>1,403,300.37</u>
CONSOLIDATED DISTILLERIES OF MANITOBA LIMITED:				
Bulk.....	30,722.29	15,019.12	28,732.73	30,488.70
Bottled.....			2,086.81	14,453.50
	<u>30,722.29</u>	<u>15,019.12</u>	<u>30,819.54</u>	<u>44,942.20</u>
CONSOLIDATED DISTILLERIES LIMITED—VANCOUVER:				
Bulk.....	36,875.43	19,903.22	495.00	495.00
Bottled.....			3,745.10	25,245.00
	<u>36,875.43</u>	<u>19,903.22</u>	<u>4,240.10</u>	<u>25,740.00</u>
SUMMARY:				
Bulk.....	442,935.02	230,830.50	8,381,732.80	29,331,379.40
Bottled.....	36.36	269.82	509,976.68	2,789,494.35
	<u>442,971.38</u>	<u>231,100.32</u>	<u>8,891,709.48</u>	<u>32,120,873.75</u>

N.B.—Insurable value given—Industrial—Cost Basis.
Beverage—Selling Basis.

Consolidated Distilleries Limited as at 31st December, 1929. All other Companies as at 30th September, 1929.

Exhibits.
 P-146.
 Statement
 of Fire
 Insurance
 carried on
 buildings,
 raw mate-
 rials, &c.,
 30th Sept-
 ember 1929.

PLAINTIFFS' EXHIBIT P-146

STATEMENT OF INSURABLE VALUES OF PROPERTY AND RAW MATERIALS

AS AT 30TH SEPTEMBER, 1929

	Buildings and Machinery	Raw Materials	Coal	Stores	Shipping Con- tainers	Maturing Barrels	Total
Canadian Industrial Alcohol Company Limited—Corbyville.....	\$2,896,364.05	\$179,056.10	\$15,887.80	\$ 22,462.60	\$18,100.00	\$1,325,646.00	\$4,457,516.55
Canadian Industrial Alcohol Co. of Manitoba Limited.....	325,000.00	267.87	78.00	15.50	5,372.00		330,733.37
St. Hyacinthe Distillery Company Limited.....	96,734.09		18.00	8,835.49	3,031.00		108,618.58
Wiser's Distillery Limited.....	257,755.86		222.76	38,560.92		67,490.00	364,029.54
Consolidated Distilleries Limited.....				182,127.74			182,127.74
Canadian Industrial Alcohol Company Limited—Toronto.....	39,000.00						39,000.00
	<u>\$3,614,854.00</u>	<u>\$179,323.97</u>	<u>\$16,206.56</u>	<u>\$252,002.25</u>	<u>\$26,503.00</u>	<u>\$1,393,136.00</u>	<u>\$5,482,025.78</u>

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED—CORBYVILLE

RAW MATERIALS:

Molasses.....	\$ 5,307.12
Blending Supplies.....	91,898.00
Corn.....	15,707.61
Rye.....	21,550.08
Malt.....	10,201.68
Denaturing Supplies.....	26,107.55
Miscellaneous.....	8,284.06
	<u>\$179,056.10</u>

Exhibits.

P-124.
Monthly
Statement
for Directors
of Canadian
Industrial
Alcohol Co.,
May 1929.

— 644 —

PLAINTIFFS' EXHIBIT P-124
SUMMARY OF BUSINESS—MAY, 1929

	MAY			8 MONTHS TO 31ST MAY		
	1929	1928	Increase or Decrease	1929	1928	Increase or Decrease
SHIPMENTS:						
Industrial Proof Gallons.....	71,506	82,116	10,610	1,150,105	1,240,034	89,929
BEVERAGE:						
Bulk Whisky & Gin Proof Gallons.....	619	461	158	1,206	3,720	2,514
Bulk Alcohol Proof Gallons.....	6,987	13,231	6,244	44,988	91,731	46,743
Whisky & Gin Cases.....	22,935	37,506	14,571	288,344	325,484	37,140
EARNINGS:						
Canadian Industrial Alcohol Company Limited— Holding Company.....	17,768			140,926		
Canadian Industrial Alcohol Company Limited— Trading Company.....	14,093			67,797		
Canadian Industrial Alcohol Company Limited..	3,675	56,886	53,211	73,129	431,117	357,988
Consolidated Distilleries Limited.....	54,051	161,815	107,764	1,063,847	1,581,331	517,484
Consolidated Distilleries Limited—Vancouver...	1,834	108	1,726	6,544	10,504	17,048
Canadian Cuban Export Company Limited (50%)	592	321	271	4,583	3,539	1,044
J. M. Douglas & Company Limited.....	4,316	6,951	2,635	20,482	35,043	14,561
St. Hyacinthe Distillery Company Limited.....	1,632	225	1,407	6,023	20,170	26,193
Wiser's Distillery Limited.....	1,067	4,387	4,320	32,605	115,183	82,578
Canadian Industrial Alcohol Company of Mani- toba Limited.....	788	811	23	4,237	13,242	17,479
Consolidated Distilleries of Manitoba Limited....	1,367	3,400	2,033	14,223	13,641	582
NET PROFIT.....	60,160	226,624	166,464	1,182,899	2,216,692	1,035,793
Reserve Account (Net).....	12,396	24,849	12,453	132,082	142,833	10,751
Proceeds Life Insurance.....					6,580	6,580
TOTAL NET EARNINGS.....	\$72,556	\$251,473	\$178,917	\$1,314,981	\$2,366,105	\$1,051,124

	MAY 1929	8 MONTHS TO 31 MAY, 1929
PROFIT & LOSS ACCOUNT:		
Net Sales to Trade & Sundry Net Profits.....	321,086	4,172,406
Less Cost of Merchandise to Trade.....	146,269	1,921,280
GROSS PROFIT.....	174,817	2,251,126
Less Expense:—		
Selling.....	51,072	476,584
Miscellaneous.....	12,089	201,575
Overhead.....	23,403	191,245
Interest, etc.....	28,093	198,823
NET PROFIT.....	\$60,160	\$1,182,899

CURRENT ASSETS & LIABILITIES—31st MAY, 1929

Cash.....	154,980	Accounts Payable.....	1,282,544
Accounts Receivable.....	1,039,191	Accrued Charges.....	209,309
Stocks.....	5,674,488	Consignment Sales.....	245,023
Raw Materials & Supplies.....	1,566,260	Increase of Current Assets over Liabilities.....	7,097,696
Deferred Charges.....	167,187		
Consignment Merchandise.....	232,466		
	\$8,834,572		\$8,834,572

Exhibits.
 D-79.
 Draft
 Balance
 Sheet of
 Canadian
 Industrial
 Alcohol Co.,
 Ltd.,
 30th Sept-
 ember 1923.

O.K. M.B.D.
 as to form

DEFENDANTS' EXHIBIT D-79

PRO FORM A

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1923

Cr.

Dr.		
To Dividends and Bonus:		
Four quarterly Dividends of 1%...	\$400,000.00	
Bonus of 2%	200,000.00	
	<u>600,000.00</u>	
To Balance as per Balance Sheet	414,800.00	
	<u>\$ 1,014,800.00</u>	

By Net Profit for the year after deducting Administra-
 tion Expenses and making provision for De-
 preciation and Income Tax \$ 1,014,800.00

BALANCE SHEET

30TH SEPTEMBER, 1923

To Share Capital:		
Authorized and Issued:		
400,000 Common Shares @ \$25.00 each—		
fully paid	\$10,000,000.00	
To First Mortgage Bonds and Accrued Interest, less		
Cash in hands of Trustee	183,752.00	
To Sundry Creditors and Credit Balances	212,000.00	
To Dividend and Bonus payable 8th October, 1923..	300,000.00	
To Notes Payable	122,500.00	
To Profit and Loss Account	414,800.00	
	<u>\$11,233,052.00</u>	

By Real Estate, Buildings, Machinery, Goodwill, etc.,
 less Depreciation \$ 6,194,000.00
 By Shares in Associated Company and Other Invest-
 ments

Approved on Behalf of the Board:

(Signed)

(Signed)

Directors.

We have examined the above Balance Sheet with the books of the Company and have obtained all the information and explanations we have required. Subject to the adequacy of the provision for Depreciation, we certify that, in our opinion, the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us, and as shown by the books of the Company.

Montreal, , 1923.

.....
 Auditors.

\$11,233,052.00

647.

Exhibits.

—
P-112.

Annual
Statement,
Consoli-
dated
Distilleries,
Ltd.,
30th Sept-
ember 1928
—*continued.*

PLAINTIFFS' EXHIBIT P-112-2

CONSOLIDATED DISTILLERIES, LIMITED.

DR. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1928. CR.

To COST OF MERCHANDISE SOLD:		By SALES, LESS RETURNS:	
Bottled Whisky.....	483,268.95	Bottled Whisky.....	1,026,832.52
Bulk Whisky.....	30,346.76	Bulk Whisky.....	38,897.08
Export.....	1,657,676.93	Export.....	4,155,146.26
Spirits.....	191,569.53	Spirits.....	237,486.38
	<u>2,362,862.17</u>		<u>5,458,362.24</u>
" SALES ALLOWANCES.....	58,427.72		
" WAREHOUSE EXPENSES			
St. Pierre.....	27,425.48		
Havana.....	1,017.20		
Corbyville.....	6,447.02		
Nassau.....	6,935.14		
St. John.....	604.63		
Toronto.....	758.75		
Bermuda.....	12,00.74		
Belize.....	966.95		
Jamaica.....	284.54		
Breakages.....	11,801.27		
	<u>57,441.72</u>		
" GROSS PROFIT CARRIED DOWN.....	2,979,630.63		
	<u>\$5,458,362.24</u>		<u>\$5,458,362.24</u>
To SELLING EXPENSES:		By GROSS PROFIT BROUGHT DOWN.....	2,979,630.63
Sales Management Salaries and Expenses.....	24,431.64	" DISCOUNTS.....	564.81
Montreal Office Salaries—Sales Dept.....	9,729.74		
Montreal Sales Office Expense	11,875.82		
Toronto Sales Office Salaries & Expenses.....	47,390.16		
Travellers' Salaries.....	31,161.92		
Travellers' Expenses.....	27,241.06		
Montreal Traveller's Salary & Expenses.....	1,190.21		
Advertising.....	140,283.29		
Commissions.....	119,803.16		
Sampling.....	13,801.61		
Corbyville Expenses.....	696.46		
Miscellaneous.....	5,488.10		
	<u>433,093.17</u>		
" SHIPPING EXPENSES:			
General Shipping Expenses.....	19,255.89		
Shipping Containers Freight.....	229.96		
Freight Outwards.....	147,435.74		
Returned Goods Freight.....	2,081.75		
Railway Siding Rental.....	1,800.00		
Inter-Company Expense.....	2,641.53		
	<u>173,444.87</u>		
" GENERAL EXPENSES:			
Montreal Office General Overhead Expense.....	51,986.28		
Legal Expense.....	28,607.60		
General Travelling Expenses..	1,045.23		
Telephones and Telegrams.....	131.29		
Stationery and Office Supplies.	512.90		
Postage.....	160.09		
Tax Stamps.....	40.61		
Bank Collection Charges.....	7,365.11		
Subscriptions and Donations...	40.00		
Audit Fee.....	889.92		
Employees Group Life and Health Insurance.....	1,495.73		
Miscellaneous.....	1,929.71		
	<u>94,194.47</u>		
" MISCELLANEOUS LOSSES, LESS EARNINGS.....	69,120.68		
" BALANCE CARRIED DOWN.....	2,210,342.25		
	<u>\$2,980,195.44</u>		<u>\$2,980,195.44</u>

PLAINTIFFS' EXHIBIT P-112—3

CONSOLIDATED DISTILLERIES, LIMITED.

DR.	TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1928.	CR.	
To INTEREST.....	64,463.68	By BALANCE BROUGHT DOWN.....	2,210,342.25
“ RESERVE FOR BAD AND DOUBTFUL DEBTS.....	20,264.29	“ NET PROFIT OF THE VANCOUVER BRANCH FOR THE YEAR.....	8,761.66
“ CONTINGENT EXPENSE.....	57,680.06	“ NET PROFIT ON AGENCY BRANDS.....	6,617.60
“ RESERVE FOR DOMINION INCOME TAX 1928.....	169,630.76	“ ADJUSTMENT OF DOMINION INCOME TAX, 1927....	2,059.12
“ BALANCE CARRIED DOWN.....	1,915,741.84		
	<u>\$2,227,780.63</u>		<u>\$2,227,780.63</u>
To BALANCE, BEING NET PROFIT FOR THE YEAR, CARRIED DOWN.....	2,415,741.84	By BALANCE BROUGHT DOWN.....	1,915,741.84
	<u>\$2,415,741.84</u>	“ DIVIDENDS RECEIVED:	
		Wiser's Distillery Limited.....	300,000.00
		St. Hyacinthe Distillery Co. Ltd.....	100,000.00
		J. M. Douglas & Co. Limited..	100,000.00
			<u>500,000.00</u>
			<u>\$2,415,741.84</u>
To DIVIDENDS AGGREGATING 82 2/3% DECLARED AND PAID DURING THE YEAR.....	2,480,000.00	By BALANCE, BEING NET PROFIT FOR THE YEAR, BROUGHT DOWN.....	2,415,741.84
“ BALANCE AS PER BALANCE SHEET.....	840,401.68	“ BALANCE BROUGHT FORWARD FROM LAST ACCOUNT	904,659.84
	<u>\$3,320,401.68</u>		<u>\$3,320,401.68</u>

PLAINTIFFS' EXHIBIT P-100—1
CONSOLIDATED DISTILLERIES, LIMITED.
BALANCE SHEET—SEPTEMBER 30, 1929.

Exhibits.
 P-100.
 Annual
 Statement,
 Consoli-
 dated
 Distilleries,
 Ltd.,
 30th Sept-
 ember 1929.

LIABILITIES

ASSETS

FIXED ASSETS: Real Estate, Buildings, Machinery and Equipment Goodwill, Trade Marks, etc.—Book Value \$ 628,159.20 CURRENT ASSETS: Cash in Banks and on Hand \$ 39,030.89 Accounts Receivable: Associated Companies \$806,956.72 Sundry 718,947.83 Stocks of Alcohol, etc., valued on the the basis of cost 1,525,904.55 Stocks of Molasses, etc., Fuel, Drums, Barrels and Supplies—at Cost or Market Values 184,112.52 SHARES IN ASSOCIATED COMPANIES: Book Value of 30,000 Shares of \$100.00 each in St. Hyacinthe Distillery Company Limited 3,000,000.00 Book Value of 20,000 Shares of \$100.00 each in Wiser's Distillery Limited 1.00 Book Value of 400 Shares of \$100.00 each in Canadian Industrial Al- cohol Company of Manitoba Lim- ited 40,000.00 10,000 Shares of \$100.00 each in J. M. Douglas & Company Ltd.—at cost 1,000,000.00 1,501 Shares of \$100.00 each in Can- adian Cuban Export Company Ltd.—at cost 150,000.00 INVESTMENT IN DOMINION OF CANADA VICTORY LOAN DUE 1934—AT PAR 9,500.00 DEFERRED CHARGES TO PROFIT AND LOSS ACCOUNT: Unexpired Insurance and Taxes, etc. 23,775.76	SHARE CAPITAL: Authorised: 50,000 Shares of \$100.00 each—\$5,000,000.00 Issued: 30,000 Shares of \$100.00 each 3,000,000.00 CURRENT LIABILITIES: Accounts and Loan Payable: Bank Loan \$1,400,000.00 Associated Companies 2,058,593.03 Sundry 391,918.98 DEFERRED LIABILITIES: Dominion Income Tax, 1929 7,371.58 Accrued Taxes 1,011.57 RESERVE FOR DEPRECIATION 147,666.92 CAPITAL SURPLUS 250,000.00 PROFIT AND LOSS ACCOUNT: Balance as per Account attached 917,383.42
---	--

4,190,101.00
 9,500.00
 23,775.76
\$8,173,945.50

APPROVED ON BEHALF OF THE BOARD:
 E. LAUSTER } *Directors.*
 A. KELLY }

\$8,173,945.50

We have examined the above Balance Sheet with the Books of the Company and have obtained all the information and explanations we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

DELOITTE, PLENDER, HASKINS & SELLS,
Auditors.

Montreal, December 4, 1929.

650.

Exhibits.

—
P-100.
Annual
Statement,
Consoli-
dated
Distilleries,
Ltd.,
30th Sept-
ember 1929
—*continued.*

PLAINTIFFS' EXHIBIT P-100—2

CONSOLIDATED DISTILLERIES, LIMITED

DR. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1929. CR.

To COST OF MERCHANDISE SOLD:		BY SALES, LESS RETURNS:	
Bottled Whisky.....	\$ 389,741.88	Bottled Whisky.....	\$ 955,392.32
Bulk Whisky.....	3,287.59	Bulk Whisky.....	4,743.10
Export.....	1,327,703.31	Export.....	3,273,373.70
Spirits.....	128,508.51	Spirits.....	163,157.93
“ WAREHOUSE EXPENSE:			
	1,849,241.29		4,396,667.05
“ SALES ALLOWANCES.....	90,737.10		
“ WAREHOUSE EXPENSE:			
St. Pierre.....	25,741.99		
Havana.....	9.98		
Corbyville.....	4,004.21		
Nassau.....	3,329.73		
St. John.....	665.50		
Toronto.....	4,164.52		
Bermuda.....	5,562.01		
Belize.....	8,041.78		
Jamaica.....	921.21		
Breakages.....	4,766.40		
	57,207.33		
“ GROSS PROFIT CARRIED DOWN.....	2,399,481.33	BY GROSS PROFIT BROUGHT DOWN.....	\$2,399,481.33
	<u>\$4,396,667.05</u>		
To SELLING EXPENSES:			
Sales Management Salaries and Expenses.....	24,303.90		
Montreal Office Salaries—Sales Dept.....	16,165.53		
Montreal Sales Office Expense..	8,892.29		
Toronto Sales Office Salaries and Expenses.....	47,623.62		
Travellers' Salaries.....	41,261.45		
Travellers' Expenses.....	34,948.89		
Advertising.....	119,759.49		
Commissions.....	103,174.63		
Sampling.....	9,142.38		
Corbyville Expenses.....	1,087.88		
Miscellaneous.....	9,619.49		
	415,979.55		
“ SHIPPING EXPENSES:			
General Shipping Expenses.....	20,442.94		
Shipping Containers' Freight...	25.41		
Freight Outwards.....	35,617.56		
Returned Goods Freight.....	321.05		
Railway Siding Rental.....	1,800.00		
Inter-Company Expense.....	2,199.92		
	60,406.88		
“ GENERAL EXPENSES:			
Montreal Office General Overhead Expense.....	47,189.20		
Legal Expense.....	30,375.35		
General Travelling Expenses...	2,528.10		
Telephones and Telegrams.....	298.97		
Stationery and Office Supplies..	798.21		
Postage.....	150.90		
Tax Stamps.....	39.52		
Discounts.....	2,427.71		
Bank Collection Charges.....	3,758.16		
Subscriptions and Donations...	22.50		
Audit Fee.....	1,165.08		
Employees' Group, Life & Health Insurance.....	2,092.17		
Miscellaneous.....	1,901.99		
	92,747.86		
“ MISCELLANEOUS LOSSES LESS EARNINGS.....	40,140.80		
“ BALANCE CARRIED DOWN.....	1,790,206.24		
	<u>\$2,399,481.33</u>		<u>\$2,399,481.33</u>

Exhibits.
P-100.
Annual
Statement,
Consoli-
dated
Distilleries,
Ltd.,
30th Sept-
ember 1929
—continued.

PLAINTIFFS' EXHIBIT P-100—3

CONSOLIDATED DISTILLERIES, LIMITED

DR. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1929. CR.

<p>To INTEREST..... \$ 150,687.27</p> <p>“ NET LOSS OF THE VANCOUVER BRANCH FOR THE YEAR..... 11,572.28</p> <p>“ CONTINGENT EXPENSE..... 7,865.43</p> <p>“ RESERVE FOR DOMINION INCOME TAX, 1929.... 7,371.58</p> <p>“ BALANCE CARRIED DOWN..... 1,702,327.38</p> <p style="text-align: right;"><u>\$1,879,823.94</u></p>	<p>By BALANCE BROUGHT DOWN..... \$1,790,206.24</p> <p>“ NET PROFIT ON AGENCY BRANDS..... 89,617.70</p>
<p>TO BALANCE CARRIED DOWN..... 1,993,301.74</p> <p style="text-align: right;"><u>\$1,879,823.94</u></p>	
<p>To BALANCE CARRIED DOWN..... 1,993,301.74</p>	<p>By BALANCE BROUGHT DOWN..... \$1,702,327.38</p>
<p>“ DIVIDENDS RECEIVED: Wiser's Distillery Limited..... \$ 55,000.00 J. M. Douglas & Company Limited..... 55,000.00 St. Hyacinthe Distillery Co., Ltd..... 5,000.00 Consolidated Distilleries of Manitoba Limited..... 1,320.00</p> <p style="text-align: right;"><u>116,320.00</u></p>	<p>“ TRANSFER OF RESERVE FOR CONTINGENCIES.... 167,296.71</p> <p>“ INCOME TAX ADJUSTMENT, 1928..... 7,357.65</p>
<p>TO DIVIDENDS AGGREGATING 63.88% DECLARED AND PAID DURING THE YEAR..... 1,916,320.00</p> <p style="text-align: right;"><u>\$1,993,301.74</u></p>	
<p>“ BALANCE AS PER BALANCE SHEET..... 917,383.42</p> <p style="text-align: right;"><u>\$2,833,703.42</u></p>	<p>“ BALANCE BROUGHT FORWARD FROM LAST ACCOUNT..... 840,401.68</p> <p style="text-align: right;"><u>\$2,833,703.42</u></p>

Exhibits.

—
P-101.
Annual
Statement,
Wisers'
Distillery,
Ltd.,
30th Sept-
ember 1929
—*continued.*

PLAINTIFFS' EXHIBIT P-101-2

WISER'S DISTILLERY, LIMITED

DR. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1929. Cr.

<p>To COST OF MERCHANDISE SOLD: Bottled Whisky—Export \$ 72,180.63 Bottled Whisky—Domestic 97,323.23 ----- \$ 169,503.86</p> <p>“ SALES ALLOWANCES 2,936.70</p> <p>“ SELLING EXPENSES: Sales Manager's Salary and Expenses 958.32 Montreal Office Rent and Expense 2,079.56 Toronto Office Expense 17,987.32 Travellers' Salaries 3,115.77 Travellers' Expenses 2,996.18 Commissions 1,181.80 Advertising 904.60 Sampling 572.43 ----- 29,795.98</p> <p>“ SHIPPING EXPENSES: General Shipping Expense 3,183.97 Freight Outwards 7,100.61 Breakages 52.00 ----- 10,336.58</p> <p>“ GENERAL OVERHEAD: Proportion of Montreal Expenses: Executive Salaries \$ 12,748.81 General Overhead . . . 4,308.53 ----- 17,057.34</p> <p>Prescott Office Salaries 1,649.66 Prescott Office Rent, Light and Heat 1,660.62 Travelling Expenses 720.50 Stationery and Office Supplies 572.67 Telephones and Telegrams 571.30 Bank Collection Charges 892.65 Postage 73.82 Stamp Tax 14.00 Legal and Audit Fees 5,195.65 Subscriptions and Donations 81.00 Insurance 103.08 Employees Group, Life and Health Insurance 640.01 Plant Upkeep 2,374.58 Miscellaneous 558.62 ----- 32,165.50</p> <p>“ MISCELLANEOUS LOSSES—NET 225.34</p> <p>“ INTEREST—NET 16,672.97</p> <p>“ BALANCE CARRIED DOWN 52,998.61</p> <p style="text-align: right;">----- \$ 314,635.54</p>	<p>By SALES: Bottled Whisky—Export \$ 137,035.00 Bottled Whisky—Domestic 177,502.16 ----- \$ 314,537.16</p> <p>“ DISCOUNTS 75.88</p> <p>“ RESIDENCE INCOME—NET 22.50</p> <p>By BALANCE BROUGHT DOWN 52,998.61</p> <p style="text-align: right;">----- \$ 52,998.61</p> <p>By BALANCE, BEING NET PROFIT FOR THE YEAR, BROUGHT DOWN 52,898.61</p> <p>“ TRANSFER OF RESERVE FOR CONTINGENCIES 225.00</p> <p>“ BALANCE BROUGHT FORWARD FROM LAST ACCOUNT 52,210.35</p> <p style="text-align: right;">----- \$ 105,333.96</p>
<p>To CONTINGENT EXPENSES 100.00</p> <p>“ BALANCE, BEING NET PROFIT FOR THE YEAR, CARRIED DOWN 52,898.61</p> <p style="text-align: right;">----- \$ 52,998.61</p> <p>To DIVIDENDS DECLARED AND PAID DURING THE YEAR 55,000.00</p> <p>“ BALANCE AS PER BALANCE SHEET 50,333.96</p> <p style="text-align: right;">----- \$ 105,333.96</p>	

- 655 -

Exhibits.

P-103.

**Annual
Statement,
Canadian
Industrial
Alcohol Co.
of Manitoba,
Ltd.,
30th Sept-
ember 1929
—continued.**

PLAINTIFFS' EXHIBIT P-103-2

CANADIAN INDUSTRIAL ALCOHOL COMPANY OF MANITOBA, LIMITED.

DR.	TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1929.	CR
To COST OF GOODS SOLD:		
Pure Alcohol.....	\$ 16,965.42	
Denatured Alcohol.....	21,703.61	
	\$ 38,669.03	
“ DUTY ADJUSTMENT.....	811.06	
“ GROSS PROFIT CARRIED DOWN.....	9,785.23	
	\$ 49,265.32	
To SELLING EXPENSES:		
Travellers' Salary.....	1,925.00	
Automobiles' Expenses.....	376.39	
Advertising.....	1,726.33	
Miscellaneous.....	356.07	
	4,383.79	
“ SHIPPING EXPENSES:		
General Shipping Expenses.....	2,785.45	
Shipping Containers Freight....	236.82	
St. Boniface Warehouse Expense	1,147.43	
Regina Warehouse Expense.....	270.24	
Saskatoon Warehouse Expense..	105.51	
	4,545.45	
“ GENERAL EXPENSES		
Administration and Head Office		
Salaries.....	5,923.53	
St. Boniface Office Expenses....	57.59	
Telephones and Telegrams.....	385.36	
Stationery and Office Supplies..	196.18	
Postage.....	38.50	
Tax Stamps.....	10.00	
Bank Collection Charges.....	21.11	
Subscriptions and Donations...	264.00	
Miscellaneous General Expenses	405.44	
Discount Allowed.....	6.99	
	7,308.70	
“ RESERVE FOR BAD AND DOUBTFUL DEBTS.....	246.33	
	\$ 16,484.27	
To BALANCE BROUGHT DOWN.....	6,699.04	
	\$ 6,699.04	
To BALANCE, BEING NET LOSS FOR YEAR, BROUGHT DOWN.....	6,541.57	
“ DIVIDENDS DECLARED AND PAID		
Canadian Industrial Alcohol Company Limited.....	68,680.00	
“ BALANCE AS PER BALANCE SHEET.....	4,007.31	
	\$ 79,228.88	
By SALES:		
Pure Alcohol.....	\$ 20,392.37	
Denatured Alcohol.....	28,872.95	
	49,265.32	
		\$ 49,265.32
	By GROSS PROFIT BROUGHT DOWN.....	9,785.23
	“ BALANCE CARRIED DOWN.....	6,699.04
	By INTEREST—NET.....	\$ 157.47
	“ BALANCE, BEING NET LOSS FOR YEAR, CARRIED DOWN.....	6,541.57
		\$ 6,699.04
	By BALANCE BROUGHT FORWARD FROM LAST ACCOUNT.....	14,548.88
	“ DIVIDENDS RECEIVED:	
	Consolidated Distilleries of Manitoba, Ltd....	64,680.00
		\$ 79,228.88

Exhibits.
 P-104.
 Annual
 Statement,
 Consoli-
 dated
 Distilleries
 of Manitoba,
 Ltd.,
 30th Sept-
 ember 1929.

PLAINTIFFS' EXHIBIT P-104-1

CONSOLIDATED DISTILLERIES OF MANITOBA LIMITED.

BALANCE SHEET—SEPTEMBER 30, 1929.

ASSETS		LIABILITIES	
FIXED ASSETS:		SHARE CAPITAL:	
Real Estate, Buildings, Machinery and Equipment, Trade Marks, etc.	\$1,995,778.32	Authorised and Issued: 20,000 Shares of \$100.00 each.....	\$2,000,000.00
CURRENT ASSETS:		CURRENT LIABILITIES:	
Cash in Bank and on Hand.....	226.34	Accounts Payable:	
Accounts Receivable:		Associated Companies.....	\$ 74,902.84
Associated Company... \$67,800.00	98,252.51	Sundry.....	2,190.58
Sundry..... 30,452.51			77,093.42
Stocks of Alcohol, Fuel, Drums, Bar- rels and Supplies—at cost.....	63,010.92	RESERVES:	
	161,489.77	For Dominion Income Tax, 1929.....	452.17
		For Depreciation.....	82,052.94
DEFERRED CHARGES TO PROFIT AND LOSS ACCOUNT:		PROFIT AND LOSS ACCOUNT:	
Unexpired Insurance, Taxes, etc.....	4,210.99	Credit Balance as per Statement at- tached.....	1,880.55
	<u>\$2,161,479.08</u>		<u>\$2,161,479.08</u>

APPROVED ON BEHALF OF THE BOARD,

SHAUGHNESSY,
 E. LAUSTER, } Directors.

We have examined the above Balance Sheet with the books of the Company and have obtained all the information and explanations we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Company.

Montreal, December 5, 1929

DELOITTE, PLENDER, HASKINS & SELLS,
 Auditors.

PLAINTIFFS' EXHIBIT P-104--2

CONSOLIDATED DISTILLERIES OF MANITOBA LIMITED.

DR. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1929. Cr.

TO COST OF MERCHANDISE SOLD:		BY SALES, LESS RETURNS:	
Bottled Goods—Domestic.....	\$ 71,306.67	Bottled Goods—Domestic.....	\$ 167,900.41
Bulk Spirits—Domestic.....	6,495.08	Bulk Spirits—Domestic.....	7,741.72
Spirits.....	37,800.40	Spirits.....	37,800.40
	<u>\$ 115,602.15</u>		<u>\$ 213,442.53</u>
" DUTY ADJUSTMENT.....	133.70		
" GROSS PROFIT CARRIED DOWN....	97,706.68		
	<u>\$ 213,442.53</u>		<u>\$ 213,442.53</u>

TO SELLING EXPENSES:		BY GROSS PROFIT BROUGHT DOWN
Traveller's Salary.....	\$ 1,925.00	\$ 97,706.68
Traveller's Expenses.....	1,911.00	235.88
Automobile Expenses.....	376.40	
Commissions.....	4,275.00	
Advertising.....	9,924.93	
Miscellaneous.....	655.89	
	<u>\$ 19,068.22</u>	
" SHIPPING EXPENSES:		
General Shipping Expense.....	\$ 54.39	
St. Boniface Warehouse and		
Siding Expense.....	371.76	
Shipping Containers Freight....	81.09	
	<u>\$ 507.24</u>	
" GENERAL EXPENSES:		
Administration and Head Office		
Salaries.....	\$ 13,430.05	
General Travelling Expenses...	492.53	
Telephones and Telegrams.....	385.35	
Stationery and Office Supplies..	196.19	
Postage.....	38.50	
Tax Stamps.....	10.00	
Bank Collection Charges.....	2.85	
Subscriptions and Donations...	264.00	
Miscellaneous General Expenses	565.56	
Legal Expenses—General.....	27.50	
Employees Group, Life and Health		
Insurance.....	144.22	
	<u>\$ 15,556.75</u>	
" MISCELLANEOUS CHARGES:		
Non-Operating Overhead Expense	\$ 30,910.54	
BALANCE CARRIED DOWN.....	31,899.81	
	<u>\$ 97,942.56</u>	

Exhibits.
P-104.
Annual
Statement,
Consoli-
dated
Distilleries,
of Manitoba,
Ltd.,
30th Sept-
ember 1929
—continued.

Exhibits.
 P-104.
 Annual
 Statement,
 Consoli-
 dated
 Distilleries,
 of Manitoba,
 Ltd.,
 30th Sept-
 ember 1929
 —continued.

PLAINTIFFS' EXHIBIT P-104—3

CONSOLIDATED DISTILLERIES OF MANITOBA, LIMITED.

Dr.	TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1929.	Cr.
To	CONTINGENT EXPENSE.....	\$ 4,438.11
"	RESERVE FOR DOMINION INCOME TAX, 1929.....	452.17
"	BALANCE, BEING NET PROFIT FOR THE YEAR, CARRIED DOWN.....	28,445.14
		<u>\$33,335.42</u>
To	BALANCE BROUGHT FORWARD FROM LAST ACCOUNT	15,439.81
"	DIVIDENDS DECLARED AND PAID: Consolidated Distilleries Limited \$ 1,320.00 Canadian Industrial Alcohol Company of Manitoba Limited 64,680.00	28,445.14 54,875.22
"	BALANCE AS PER BALANCE SHEET	\$ 66,000.00 1,880.55
		<u>\$83,320.36</u>
		<u>\$31,899.81</u> <u>1,435.61</u>
		<u>\$33,335.42</u>

Exhibits.

P-107.
Annual
Statement,
J. M. Dou-
glas & Co.,
Ltd.,
30th Sept-
ember 1929.

PLAINTIFFS' EXHIBIT P-107-1

J. M. DOUGLAS & COMPANY, LIMITED

BALANCE SHEET—SEPTEMBER 30, 1929.

ASSETS

GOODWILL.....	\$1,000,000.00	SHARE CAPITAL:	
AUTOMOBILES AND OFFICE EQUIPMENT, AT COST, LESS		Authorized and Issued:	
DEPRECIATION.....	2,908.50	10,000 Shares of \$100.00 each.....	\$1,000,000.00
ACCOUNTS RECEIVABLE:		ACCOUNTS PAYABLE:	
Associated Company.....	\$ 20,787.19	Associated Companies.....	\$82,992.28
Sundry.....	61,868.72	Sundry.....	9,905.71
	<u>\$ 82,655.91</u>		<u>92,897.99</u>
CASH IN BANK AND ON HAND.....	11,177.93	RESERVE FOR DOMINION INCOME TAX, 1929.....	788.92
DEFERRED CHARGES:		PROFIT AND LOSS ACCOUNT:	
Taxes.....	772.00	Balance as per Account attached.....	3,827.43
	<u>\$1,097,514.34</u>		<u>\$1,097,514.34</u>

LIABILITIES

APPROVED ON BEHALF OF THE BOARD:

A. KELLY
E. LAUSTER } *Directors.*

We have examined the above Balance Sheet with the books of the Company and have obtained all the information and explanations we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

Montreal, December 7, 1929.

DELOITTE, PLENDER, HASKINS & SELLS,
Auditors.

Exhibits.
—
P-107.
Annual
Statement,
J. M. Dou-
glas & Co.,
Ltd.,
30th Sept-
ember 1929
—continued.

PLAINTIFFS' EXHIBIT P-107—2

J. M. DOUGLAS & COMPANY, LIMITED.

Cr.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1929.

Dr.

To SELLING EXPENSES:			
Salaries.....	\$	9,752.00	
Travelling Expenses.....		8,803.95	
Advertising.....		14,001.29	
Automobile Expenses.....		2,489.58	
Toronto Sales Office Expense.....		6,946.22	
	\$	41,993.04	
“ GENERAL EXPENSES:			
Salaries.....	\$	6,709.03	
Rent.....		1,453.71	
Taxes.....		1,033.00	
Stationery and Office Supplies.....		257.28	
Stamps.....		72.34	
Telephones, Telegrams and Cables.....		537.36	
Travelling Expenses.....		647.10	
Miscellaneous Expenses.....		1,299.93	
Subscriptions and Donations.....		70.00	
		12,079.75	
“ RESERVE FOR DOMINION INCOME TAX, 1929.....		788.92	
“ BALANCE, BEING NET PROFIT FOR THE YEAR, CARRIED DOWN.....		49,976.27	
	\$	104,837.98	
To DIVIDEND.....	\$	55,000.00	
“ BALANCE AS PER BALANCE SHEET.....		3,827.43	
	\$	58,827.43	
By COMMISSIONS:			
On Wines and Spirits:			
John Dewar and Sons Limited.....	\$	44,111.18	
Bisquit Dubouche Company.....		5,365.89	
DeLaforce Sons and Company.....		3,001.77	
John de Kuyper & Son.....		2,347.53	
H. Sichel-Sohne.....		78.01	
Wisdom & Warters Limited.....		1,319.05	
Louis Roederer.....		2,811.89	
E. & J. Burke Limited.....		23,718.12	
L. Bourisset & Cie.....		1,928.69	
R. McNish & Co. Limited.....		14,522.05	
P. Melcher's.....		344.31	
Heidsieck & Company, Monopole.....		350.00	
	\$	99,908.49	
On Sundry Sales:			
Apollinaris Water.....	\$	2,197.56	
Capsules.....		1,843.74	
		4,041.30	
	\$	103,949.79	
“ INTEREST, EXCHANGE AND DISCOUNT.....		888.19	
	\$	104,837.98	
By BALANCE, BEING NET PROFIT FOR THE YEAR, BROUGHT DOWN.....		\$49,976.27	
“ BALANCE BROUGHT FORWARD FROM LAST ACCOUNT....		8,851.16	
	\$	58,827.43	

PLAINTIFFS' EXHIBIT P-102—1
ST. HYACINTHE DISTILLERY COMPANY, LIMITED
BALANCE SHEET—SEPTEMBER 30, 1929.

ASSETS	LIABILITIES
FIXED ASSETS:	
Real Estate, Buildings, Machinery and Equipment, Goodwill, etc.—Book Value.....	SHARE CAPITAL: Authorized and Issued: 30,000 Shares of \$100.00 each.....
	\$3,000,000.00
CURRENT ASSETS:	
Cash in Bank and on Hand.....	CURRENT LIABILITIES:
Accounts Receivable: Associated Company.....	Accounts Payable: Associated Company.....
Sundry.....	Sundry.....
	\$ 386,154.82 2,161.24
Stocks of Spirits, valued on the basis of cost.....	
Stocks of Bottling Supplies, Drums, Barrels, etc., at cost or market value.....	DEFERRED LIABILITIES:
	Accrued Taxes, etc.....
	RESERVE FOR DEPRECIATION.....
	460.33 63,660.54
DEFERRED CHARGES TO PROFIT AND LOSS ACCOUNT:	CAPITAL SURPLUS
Unexpired Insurance and Taxes, etc.....	250,000.00
	PROFIT AND LOSS ACCOUNT:
	Balance as per Statement attached.....
	727.31
	<u><u>\$3,703,164.24</u></u>
	<u><u>\$3,703,164.24</u></u>

APPROVED ON BEHALF OF THE BOARD:

A. C. HERSEY
E. LAUSTER } *Directors.*

We have examined the above Balance Sheet with the books of the Company and have obtained all the information and explanations we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

Montreal, December 9, 1929.

DELOITTE, PLENDER, HASKINS & SELLS,
Auditors.

PLAINTIFFS' EXHIBIT P-102-2

DR. ST. HYACINTHE DISTILLERY COMPANY, LIMITED CR.
 TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 1929.

To COST OF MERCHANDISE SOLD:			
Bulk Spirits—Domestic.....	\$ 26,927.78		\$ 60,249.10
Bottled Stock—Domestic.....	495.94		1,478.18
	<u>\$ 27,423.72</u>		<u>\$ 61,727.28</u>
“ WAREHOUSE EXPENSE—ST. HYACINTHE.....	729.52		
“ GROSS PROFIT CARRIED DOWN.....	33,574.04		
	<u>\$ 61,727.28</u>		<u>\$ 61,727.28</u>
To SELLING EXPENSES:			
Sales Management Salaries.....	3,549.00		33,574.04
Sales Management Expenses.....	1,121.60		
Travellers' Salaries.....	698.00		
Advertising.....	744.10		
	<u>6,112.70</u>		<u>1.33</u>
“ SHIPPING EXPENSES:			
General Shipping Expenses.....	4,093.82		
Shipping Containers Freight.....	244.36		
Freight Outward.....	1,209.10		
	<u>6,547.28</u>		<u>6,852.07</u>
“ GENERAL EXPENSES:			
Montreal Office General Over-			
head.....	5,892.44		
Telephones and Telegrams.....	75.58		
Postage.....	1.55		
Bank Collection Charges.....	32.89		
Audit Fees.....	100.00		
Miscellaneous.....	3,056.90		
	<u>9,159.36</u>		
“ MISCELLANEOUS CHARGES:			
Non-Operating Overhead.....	14,712.25		
“ MISCELLANEOUS LOSSES.....	4,895.85		
	<u>\$ 40,427.44</u>		<u>\$ 40,427.44</u>
To BALANCE BROUGHT FORWARD.....	6,852.07		7.26
	<u>\$ 6,852.07</u>		<u>\$ 6,852.07</u>
To BALANCE, BEING LOSS FOR THE YEAR, BROUGHT			
DOWN.....	7.24		
“ DIVIDEND DECLARED AND PAID DURING THE YEAR.	5,000.00		5,734.57
“ BALANCE AS PER BALANCE SHEET.....	727.31		
	<u>\$ 5,734.57</u>		<u>\$ 5,734.57</u>

Exhibits.
 P-102.
 Annual
 Statement,
 St. Hyacinthe
 Distillery,
 Co., Ltd.,
 30th Sept-
 ember 1929
 —continued.

PLAINTIFFS' EXHIBIT P-105—1

JOHN B. PHELAN

Certified Public Accountant

Exhibits.

 P-105.
 Draft
 Annual
 Statement,
 Canadian
 Cuban Ex-
 port Co.,
 Ltd.,
 30th Sept-
 ember 1929.

P. O. Box 1325
 Cable Address "Contador"

La Lonja No. 528-529
 HAVANA, CUBA.

CANADIAN CUBAN EXPORT COMPANY LIMITED

10

BALANCE SHEET

30TH SEPTEMBER 1929

ASSETS

FIXED ASSETS:

Contracts & Representations.....	300,000.00	
Furniture & Fixtures.....	414.00	
Less: Reserve for Depreciation.....	41.40	372.60
		<u>300,372.60</u>

CURRENT ASSETS:

20 Cash on hand and in Bank.....	10,206.30	
Accounts Receivable.....	24,859.01	
Deposit as Guarantie.....	108.00	
Stock of Spirits.....	84,309.29	
Suspense.....	237.65	
Custom House Broker.....	234.47	
Claims.....	21.51	119,976.23

DEFERRED CHARGES:

Organization Expenses.....	1,100.85	
----------------------------	----------	--

30

\$421,449.68

LIABILITIES

SHARE CAPITAL:

3,000 Common Shares of \$100.00 each, at Par Value, Authorized, Issued & Fully Paid.....	300,000.00
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CURRENT LIABILITIES:

40 H. J. Levin.....	15,642.43	
A. M. Levin.....	10,401.48	
Consolidated Distilleries Ltd.....	103,605.33	
Accounts Payable.....	3,995.36	
		<u>133,644.60</u>

SURPLUS:

Balance as at September 1st, 1929.....	11,648.52	
Net Loss for the month of September as per Statement Page 2.....	546.40	
		<u>12,194.92</u>

\$421,449.68

PLAINTIFFS' EXHIBIT P-105—2
CANADIAN CUBAN EXPORT COMPANY LIMITED
OPERATIONS
FOR THE MONTH OF SEPTEMBER 1929

Exhibits.
P-105.
Draft
Annual
Statement,
Canadian
Cuban Ex-
port Co.,
Ltd.,
30th Sept-
ember 1929
—continued.

	SALES	147.00
10	COST OF GOODS SOLD:	
	Inventory Sept. 1st, 1929	84,388.88
	Merchandise returned by clients	37.00
	Total	84,425.88
	Inventory Sept. 30th, 1929	84,309.29
	Cost of Goods Sold	116.59
	GROSS PROFIT	30.41
20	GENERAL EXPENSES:	
	Salaries	295.00
	Legal	100.00
	Office Rent	30.00
	Office Expenses	21.90
	Telephone & Telegraph	17.03
	Merchandise in Bond	103.13
	Delivery	3.40
	Entertainment	10.00
	Tax & Carfares	2.40
	Storage	16.18
	Total Expenses	599.04
	LOSS ON OPERATIONS	568.63
	MISCELLANEOUS INCOME :	
	Interest on Bank Balance	22.23
	NET LOSS FOR THE MONTH	\$546.40
40	CASH ON HAND AND IN BANK:	
	The Royal Bank of Canada—Cy	9,177.73
	The Royal Bank of Canada—Francs	47.69
	Petty Cash—A. M. Levin	140.53
	“ “ J. B. Phelan	835.47
	“ “ Dr. Hernandez Oses	3.48
	“ “ J. J. Murphy	1.40
		\$10,206.30

665.

Exhibits.

—
P-128.
Annual
Statement,
Robert
McNish &
Co., Ltd.,
30th Sept-
ember 1928.

PLAINTIFFS' EXHIBIT P-128—1

ROBERT McNISH & COMPANY LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER, 1928

AUTHORISED CAPITAL:		HERITABLE PROPERTY AT COST:	
10,000 6% Cumulative Preference Shares of £1 each.....	£10,000 0 0	11/19 Brown Street, Glasgow.....	£2,500 0 0
10,000 Ordinary Shares of £1 each.....	10,000 0 0	17/25 James Watt Street, Glasgow..	5,609 10 0
	<u>£20,000 0 0</u>		<u>£8,109 10 0</u>
ISSUED CAPITAL:		FURNITURE, FITTINGS AND COST OF OFFICE DECORATIONS	
6,528 6% Cumulative Preference Shares of £1 each, fully paid	6,528 0 0	As at 30th September, 1927.....	100 0 0
10,000 Ordinary Shares of £1 each, fully paid.....	10,000 0 0	Additions during the year.....	3,077 3 1
	<u>16,528 0 0</u>		<u>3,177 3 1</u>
6% GUARANTEED DEBENTURE STOCK:		PLANT AND MACHINERY	
(Guaranteed by Canadian Industrial Alcohol Company, Ltd., and repayable in 1948 at par, or in the event of liquidation before that date, or at the option of the Company after the 15th February 1933 at a premium of 10%)		As at 30th September, 1927.....	965 10 0
\$4,444,665 converted at \$4.86 to the £.....	914,540 2 6	Addition during the year.....	57 6 2
Interest accrued to date.....	6,859 1 0		<u>1,022 16 2</u>
	<u>921,399 3 6</u>	MOTOR VEHICLES:	
CREDITORS AND CREDIT BALANCES:		At Cost.....	
Trade Creditors.....	13,511 13 4		403 9 3
Sundry Creditors and Credit Balances.....	10,804 7 9	INVESTMENT IN SUBSIDIARY COMPANY:	
Amount due to Directors on Loan Account.....	2,325 3 10	Robert McNish (France) S. A. at cost.....	
	<u>26,641 4 11</u>		8,071 0 6
AMOUNTS DUE TO ASSOCIATED COMPANIES:		Less: Reserve for trading loss to date	
Canadian Industrial Alcohol Company, Limited.....	13,799 12 4		2,500 0 0
J. M. Douglas & Co. Ltd.....	5,518 5 3		<u>5,571 0 6</u>
	<u>19,317 17 7</u>	AMOUNT DUE FROM ASSOCIATED COMPANIES:	
CONTINGENT LIABILITY ON BILLS NEGOTIATED.....		Consolidated Distilleries Limited:	
	755 16 2	Current Account.....	
			12,270 14 10
		Goods Account.....	
			1,856 8 9
		Robert McNish (France) S.A.....	
			193 7 1
			<u>14,320 10 8</u>
		STOCK-IN-TRADE.....	
			557,000 9 10
		BILLS RECEIVABLE.....	
			2,206 17 4
		DEBTORS AND DEBIT BALANCES:	
		Trade Debtors.....	
			44,184 15 4
		Sundry Debtors and Debit Balances	
			19,347 15 1
		Amounts due by Directors, viz.	
		Trade Accounts..... £3,713 8 5	
		Distillery Stock Rents 552 5 5	
		Loan Accounts..... 616 8 9	
			<u>4,882 2 7</u>
		Less: Reserve for Doubtful Debts.	
			1,000 0 0
			<u>67,414 13 0</u>
		CASH IN HAND AND AT BANKERS.....	
			138,768 15 5
		DISCOUNT ON DEBENTURES.....	
			91,454 0 3
		EXPENSES OF DEBENTURE ISSUE.....	
			4,681 14 2
		PROFIT AND LOSS ACCOUNT:	
		Loss for the year ended 30th Sept. 1928.....	
			119,811 19 11
		Less: Balance brought forward from last year.....	
			4,598 6 8
		Transfer from General Reserve...10,000 0 0	
		Transfer from Special Reserve.....	
			15,459 6 11
			<u>30,056 13 7</u>
			<u>89,755 6 4</u>
			<u>£983,886 6 0</u>

} Directors.

— 665 —

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF ROBERT McNISH & COMPANY, LIMITED.

We have audited the above Balance Sheet dated the 30th September, 1928, and have obtained all the information and explanations we have required.

The interest on the Debentures has been paid to the Stockholders without deduction of Income Tax and no reserve has been made in the Accounts for any possible liability to the Inland Revenue Authorities in this connection.

No provision has been made for depreciation of Fixed Assets.

Subject to the above remarks, we are of the opinion that the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given us and as shown by the books of the Company.

5 London Wall Buildings,
London, E.C. 2.

..... } Auditors.
..... }
Chartered Accountants.

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Exhibits.

—
P-128.
Annual
Statement,
Robert
McNish &
Co., Ltd.,
30th Sept-
ember 1928
—*continued.*

PLAINTIFFS' EXHIBIT P-128-2

ROBERT McNISH & COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1928.

To COST OF MERCHANDISE:		By SALES:	
Bottled Whisky.....	£34,632 0 4	Bottled Whisky.....	75,084 12 0
Bulk Whisky.....	17,242 2 3	Bulk Whisky.....	33,100 0 4
	£51,874 2 7		108,184 12 4
" GROSS PROFIT CARRIED DOWN.....	56,310 9 9		
	<u>£108,184 12 4</u>		<u>£108,184 12 4</u>
To SELLING EXPENSES:		By GROSS PROFIT BROUGHT DOWN.....	56,310 9 9
Travellers: Salaries.....	5,262 13 7	" BALANCE CARRIED DOWN.....	47,927 13 4
" Expenses.....	6,651 14 10		
" Motor Car Ex- pense.....	53 4 6		
SALES:			
Management Salaries.....	728 9 7		
" Expenses.....	246 1 4		
LONDON SALES:			
Office Salaries.....	553 1 0		
" Expenses.....	391 19 10		
GLASGOW SALES:			
Office Salaries.....	259 15 0		
" Expenses.....	38 10 4		
Sampling.....	876 2 0		
Commissions.....	4,951 5 6		
Miscellaneous Expenses.....	226 16 1		
Advertising.....	67,296 11 3		
Free Offer.....	7,820 12 3		
World Tour Expenses.....	1,145 6 3		
	96,502 3 4		
" MISCELLANEOUS SELLING EXPENSES:			
Freight Outward.....	2,949 3 1		
Sales Allowances.....	1,108 13 4		
Returned Goods Freight and Expense.....	11 13 1		
Shipping General.....	1,448 11 11		
Shipping Containers Freight..	518 16 2		
London Warehouse Expense..	275 11 4		
Glasgow " ".....	432 5 4		
Plant Upkeep.....	86 5 9		
Legal Expense Sales Depart- ment.....	112 0 6		
Export Insurance.....	26 13 4		
Cooperage Expense.....	819 12 7		
	7,735 19 9		
	<u>£104,238 3 1</u>		<u>£104,238 3 1</u>
To BALANCE BROUGHT DOWN.....	47,927 13 4	By INTEREST EARNED—NET.....	3,902 7 8
" GENERAL EXPENSES:		" EARNED INTEREST ON STOCK USED.....	262 6 9
Printing & Stationery.....	1,186 5 5	" BALANCE CARRIED DOWN.....	70,661 17 9
Telephones & Telegrams.....	412 7 0		
Office Rent & Expense.....	1,576 9 1		
Bank Charges.....	21 11 5		
Postages.....	324 2 0		
Stamp Tax.....	133 4 9		
Miscellaneous Expenses.....	1,055 0 9		
Travelling Expenses General & Deferred Charges.....	4,221 1 0		
Legal Expenses General.....	311 19 5		
General Insurance.....	245 6 11		
GENERAL OFFICE SALARIES:			
London.....	1,734 9 8		
Glasgow.....	2,263 17 11		
Subscriptions & Donations...	43 0 2		
Executive Salaries.....	6,600 5 11		
Directors Fees Accrued.....	716 13 4		
Trustees Fees & Expenses....	1,785 13 10		
Audit Fees.....	250 0 0		
Discounts—Net.....	810 17 0		
	23,692 5 7		
" BAD DEBTS WRITTEN OFF.....	1,970 9 9		
" MORTGAGE INTEREST.....	43 5 2		
" MISCELLANEOUS LOSSES, less Earnings.....	1,192 18 4		
	<u>£74,826 12 2</u>		<u>£74,826 12 2</u>
To BALANCE BROUGHT DOWN:.....	70,661 17 9	By BALANCE CARRIED DOWN being loss for the year.....	119,811 19 11
" INCOME TAX SCHEDULES A. & D.....	412 12 0		
" DEBENTURE INTEREST.....	46,237 10 2		
" RESERVE FOR LOSS ON FRENCH COMPANY.....	2,500 0 0		
	<u>£119,811 19 11</u>		<u>£119,811 19 11</u>
To BALANCE BROUGHT DOWN being loss for the year.....	119,811 19 11	By BALANCE AS PER BALANCE SHEET: dated 30th September 1927.....	4,598 6 8
		" BANK OVERDRAFT REPAYMENT.....	15,458 6 11
		" TRANSFER FROM GENERAL RESERVE.....	10,000 0 0
		" BALANCE AS PER BALANCE SHEET.....	89,755 6 4
	<u>£119,811 19 11</u>		<u>£119,811 19 11</u>

PLAINTIFFS' EXHIBIT P-106—1
ROBERT McNISH & COMPANY LIMITED
BALANCE SHEET AS AT 30TH SEPTEMBER, 1929.

P-106.
 Annual
 Statement,
 Robert
 McNish &
 Co., Ltd.,
 30th Sept-
 ember 1929.

ASSETS

FIXED:						
Plant, Machinery, Automobiles, Furniture, etc.						
Less:—Reserve for Depreciation.....			£15,267	17	4	
INVESTMENTS:—						
In Associated Company:—						
Robert McNish (France) S. A.....	£8,071	0	6			
Less:—Reserve for Trading Loss Thereon	2,500	0	0			
Other:—			5,571	0	6	
Shares in A. McDougall & Co. Ltd. (Ardbeg Distillery)	10,123	2	6	15,694	3	0
Discount and Expenses of Debenture Issue.....				96,336	15	2
CURRENT:—						
Cash on hand and in Banks.....	34,974	14	1			
Bills and Accounts Receivable:						
Less:—Reserve for Doubtful Debts.....	55,763	15	6			
INTER-COMPANY:—						
Consolidated Distis. Ltd.						
Current Account.....	29,310	7	0			
Sales Account.....	13	15	0			
Canadian Industrial Al- cohol Co. Ltd.						
Proceeds of Stock Ac- count.....	107,926	19	3			
Robert McNish (France)				247	5	1
S.A.....						
Stocks of Spirits at Distil- leries and at Warehouse, etc.....	409,940	11	11			
Less:—Interest Reserve.	37,164	8	6			
Raw Materials and Supplies.....	372,776	3	5			
Appropriated Merchandise	68,892	1	9			
" Charges.....	19,433	6	6			
" " ".....	3,152	8	0			
Accrued Interest on Bank Balances.....	110	17	7			
Deferred Charges.....	637	9	9			
Consignment Accounts Receivable:—				693,239	2	11
Consolidated Distilleries Limited.....	33,506	13	0			
Sundry.....	1,969	10	6			
DEFICIT:—						
Balance as at October 1st, 1928.....	89,755	6	4			
Add:—Loss for the Year to date.....	105,256	14	7			
				195,012	1	11
				<u>£1,051,026</u>	<u>2</u>	<u>10</u>

LIABILITIES

SHARE CAPITAL:						
Issued and Fully Paid:						
6528—6% Cumulative Preference Shares of £1 each.....	£6,528	0	0			
10,000 Ordinary Shares of £1 each.....	10,000	0	0			
	<u>£16,528</u>	<u>0</u>	<u>0</u>			
20 Year 6% Guaranteed Debenture Stock: (Authorized \$5,000,000.00) Issued and Fully Paid 888933 Units of \$5.00 each—				914,540	2	6
\$4,444,665.00 at 4.86 to the £1 Exchange.....						
Debenture Stock Interest Accrued to date.....				6,859	1	0
CURRENT:						
Accounts Payable.....				19,745	0	4
Inter-Company:—						
Canadian Industrial Alcohol Co. Ltd.				537	7	5
Current Account.....						
Debenture Interest Ac- count.....	54,773	6	8			
J. M. Douglas & Com- pany Limited.....	1,293	19	7			
Accrued Charges.....	56,604	13	8			
Appropriated Sales.....	1,264	14	10			
	<u>35,484</u>	<u>10</u>	<u>6</u>			
				<u>113,098</u>	<u>19</u>	<u>4</u>

Exhibits.

—
P-106.

Annual
Statement,
Robert
McNish &
Co., Ltd.,
30th Sept-
ember 1929
—*continued.*

PLAINTIFFS' EXHIBIT P-106-3

ROBERT McNISH & COMPANY LIMITED.

PROFIT AND LOSS ACCOUNT FOR THE FISCAL YEAR 1928-29.

SEPT. 1929	SALES			EXPENSES					NET PROFIT		
	Cases	Pf. Gallons	Value	Merchandise	Gross Profit	Direct Selling	Miscellaneous Pro-rated	Overhead Pro-rated		Int., Disct., etc Pro-rated	Total
BOTTLED: - Domestic	1,800	2,493.54	£2,840 1 10	£1,367 1 11	£1,472 19 11	£3,646 13 3	£135 14 9	£682 4 6	£1,877 3 9	£6,341 16 3	£4,868 16 4
Export	855	1,461.61	2,035 10 10	765 18 1	1,269 12 9	1,291 14 6	97 5 9	488 19 4	1,345 8 5	3,223 8 0	1,953 15 3
Inter-Company	5	7.40	13 15 0	5 18 11	7 16 1		13 2	3 6 1	9 1 9	13 1 0	5 4 11
TOTAL	2,660	3,962.55	4,889 7 8	2,138 18 11	2,750 8 9	4,938 7 9	233 13 8	1,174 9 11	3,231 13 11	9,578 5 3	6,827 16 6
BULK: - Domestic		284.74	162 11 1	65 17 11	96 13 2	161 17 7	7 15 5	39 1 0	107 8 9	316 2 9	219 9 7
Export		2,609.90	2,125 6 11	1,061 11 10	1,063 15 1	516 15 6	101 11 7	510 10 6	1,404 15 4	2,533 12 11	1,469 17 10
Inter-Company											
TOTAL		2,894.64	2,287 18 0	1,127 9 9	1,160 8 3	678 13 1	109 7 0	549 11 6	1,512 4 1	2,849 15 8	1,689 7 5
GRAND TOTAL	2,660	6,857.19	7,177 5 8	3,266 8 8	3,910 17 0	5,617 0 10	343 0 8	1,724 1 5	4,743 18 0	12,428 0 11	8,517 3 11
BROKERAGE SALES: Whisky		63,705.10	18,198 16 5	14,877 4 8	3,321 11 9						3,321 11 9
Wood			3,123 15 0	2,962 5 0	161 10 0						161 10 0
TOTAL		63,705.10	21,322 11 5	17,839 9 8	3,483 1 9						3,483 1 9
											£5,034 2 2
12 Mos. to 30th SEPTEMBER, 1929:											
BOTTLED: - Domestic	27,819	38,461.91	44,031 10 6	22,148 18 7	21,882 11 11	68,751 6 7	2,202 13 0	9,710 19 6	22,001 11 11	102,666 11 0	80,783 19 1
Export	13,794	22,189.69	29,501 1 5	11,840 2 7	17,660 18 10	20,800 16 7	1,349 4 1	6,335 17 5	14,351 3 11	42,857 2 0	25,176 3 2
Inter-Company	5	7.40	13 15 0	5 18 11	7 16 1		0 13 2	3 6 1	9 1 9	13 1 0	5 4 11
TOTAL	41,618	60,659.00	73,546 6 11	33,995 0 1	39,551 6 10	89,552 3 2	3,552 10 3	16,050 3 0	36,361 17 7	145,516 14 0	105,965 7 2
BULK: - Domestic		4,324.40	2,570 12 0	1,073 19 4	1,496 12 8	3,894 11 4	125 18 0	581 3 4	1,277 13 6	5,879 6 2	4,382 13 6
Export		27,357.54	16,613 11 9	9,328 18 10	7,284 12 11	2,871 18 7	720 2 5	3,207 10 10	7,272 3 2	14,017 15 0	6,787 2 1
Inter-Company		14,552.90	9,477 2 4	5,593 10 0	3,883 12 4	128 8 5	426 17 8	2,064 10 8	4,344 0 8	6,963 17 5	3,080 5 1
TOTAL		46,234.84	28,661 6 1	15,996 8 2	12,664 17 11	6,894 18 4	1,272 18 1	5,853 4 10	12,893 17 4	26,914 18 7	14,250 0 8
GRAND TOTAL	41,618	106,893.84	102,207 13 0	49,991 8 3	52,216 4 9	96,447 1 6	4,825 8 4	21,903 7 10	49,255 14 11	172,431 12 7	120,215 7 10
BROKERAGE SALES: Whisky		349,295.10	105,583 3 4	88,225 14 5	17,357 8 11						17,357 8 11
Wood			16,616 5 0	15,877 0 0	739 5 0						739 5 0
TOTAL		349,295.10	122,199 8 4	104,102 14 5	18,096 13 11						18,096 13 11
											£102,118 13 11
ADD											
South Africa Sales Office Expense:—											
Depreciation..... 139 17 6											
Expenses..... 133 8 4											
273 5 10											
Sundry Creditors: Directors' Fees 300 0 0											
Advertising 1,000 0 0											
1,300 0 0											
Glasgow Warehouse Expense: Depreciation on Plant & Machinery 64 14 10											
Reserve for Bad and Doubtful Debts 1,500 0 0											
NET LOSS AS PER BALANCE SHEET £105,256 14 7											

PLAINTIFFS' EXHIBIT P-108—1

Exhibits.
—
P-108.
Auditors'
Consoli-
dated State-
ment of
Canadian
Industrial
Alcohol Co.
and all sub-
sidiaries,
30th Sept-
ember 1928.

10 DELIOTTE, PLENDER, HASKINS & SELLS
ACCOUNTANTS AND AUDITORS
CANADA—CUBA—MEXICO

276 St. James Street,
MONTREAL, August 17, 1929.

20 We have examined the books and accounts of Canadian Industrial Alcohol Company Limited, Canadian Industrial Alcohol Company of Manitoba Limited, Consolidated Distilleries Limited, Consolidated Distilleries of Manitoba Limited, J. M. Douglas & Company Limited, Wiser's Distillery Limited, St. Hyacinthe Distillery Company Limited, and Robert McNish & Company Limited for the year ended September 30, 1928, and have obtained all the information and explanations we have required. In the case of Canadian Cuban Export Company Limited, we have accepted the accounts as certified by the auditor of that Company, J. B. Phelan, C.P.A. of Havana, Cuba.

30 Subject to the above, we are of the opinion that the attached Balance Sheet at September 30, 1928, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the Companies, according to the best of our information and the explanations given to us, and as shown by the books of the Companies.

DELOITTE, PLENDER, HASKINS & SELLS,
Auditors.

40

671.

Exhibits.

—
P-108.
Auditors'
Consoli-
dated State-
ment of
Canadian
Industrial
Alcohol Co.
and all sub-
sidiaries,
30th Sept-
ember 1928
—*continued.*

PLAINTIFFS' EXHIBIT P-108—2

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED AND SUBSIDIARY COMPANIES.
BALANCE SHEETS AS AT SEPTEMBER 30, 1928, AND CONSOLIDATED BALANCE SHEET

ASSETS	Canadian Industrial Alcohol Company Limited	Canadian Industrial Alcohol Co. of Manitoba Limited	Consolidated Distilleries of Manitoba Limited	J. M. Douglas & Company Limited	Wiser's Distillery Limited	St. Hyacinthe Distillery Co. Limited	Canadian Cuban Export Co. Ltd.	Robert McNish & Co. Ltd.	Consolidated Balance Sheet	
FIXED ASSETS:										
Goodwill and Trade Marks, Real Estate, Buildings, Machinery, Equipment, etc.	\$5,140,921.15		\$ 248,000.27	\$1,929,429.11	\$1,003,308.02	\$1,976,538.25	\$2,848,098.92	\$ 300,414.00	\$ 61,784.82	\$11,508,495.54
CURRENT ASSETS:										
Cash in Banks and on Hand	793,003.14	118.93	325,762.92	921.03	21,676.26	3,907.79	3,365.21	674,416.22	1,840,053.72	
Accounts Receivable, less Bad and Doubtful Debts Reserve	210,859.90	8,114.26	851,218.16	59,923.05	63,737.32	31,683.75	18,367.16	315,573.13	1,767,284.17	
Accounts Receivable—Associated Companies	3,336,170.15	119,699.15	818,742.30	140,940.11	22,002.76	502,462.85		59,804.93		
Amounts Due by Directors								23,727.14	23,727.14	
Stocks of Alcohol, valued on the basis of cost	3,628,142.16		1,097,728.82	61,721.85		16,903.08	47,228.24	2,716,044.67	7,703,390.65	
Stocks of Molasses, Corn, etc., Fuel, Drums, Barrels and Supplies—at cost or market value	912,631.29		175,235.00	1,288.19		21,168.77			1,162,465.83	
INVESTMENTS:										
30,000 Shares in Consolidated Distilleries Limited	3,000,000.00									
20,000 Shares in Wiser's Distillery Limited			1.00							
30,000 Shares in St. Hyacinthe Distillery Company Limited			3,000,000.00							
19,600 Shares in Canadian Industrial Alcohol Company of Manitoba Limited	1,960,000.00									
400 Shares in Canadian Industrial Alcohol Company of Manitoba Limited			40,000.00							
20,000 Shares in Consolidated Distilleries of Manitoba Limited		2,000,000.00								
10,000 Shares in J. M. Douglas & Company Limited			1,000,000.00							
1,501 Shares in Canadian Cuban Export Company Limited			150,100.00							
5,875 Preferred Shares and 9,000 Ordinary Shares in Robert McNish & Company Limited	243,861.82							27,075.18	27,075.18	
Investment in Robert McNish (France) 5.A. Mortgage Loan	7,000.00								7,000.00	
Dominion of Canada Victory Loan Bonds—at par			9,500.00						9,500.00	
Other Investments		1,200.00							1,200.00	
DEFERRED CHARGES TO PROFIT AND LOSS ACCOUNT										
Unexpired Insurance and Taxes, etc.	41,993.32	41.43	16,223.63	4,684.59	1,275.00	4,708.86	1,073.85		74,969.07	
DISCOUNT ON DEBENTURES.								444,466.50	444,466.50	
EXPENSES OF DEBENTURE ISSUE.								22,753.10	22,753.10	
	\$19,274,582.93	\$2,129,173.77	\$7,732,512.10	\$2,198,907.93	\$1,111,999.36	\$2,393,960.71	\$3,428,934.02	\$370,448.46	\$4,345,645.69	\$24,592,380.90

672.

Exhibits.

P-108.
Auditors'
Consoli-
dated State-
ment of
Canadian
Industrial
Alcohol Co.
and all sub-
sidiaries,
30th Sept-
ember 1928
—*continued.*

Exhibits.

—
P-108.
Auditors'
Consoli-
dated State-
ment of
Canadian
Industrial
Alcohol Co.
and all sub-
sidiaries,
30th Sept-
ember 1928
—*continued.*

67A.

Exhibits.

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P-117.
Details of
Goodwill,
Trade-
marks, Real
Estate, &c.,
Canadian
Industrial
Alcohol Co.
and sub-
sidiaries,
30th Sept-
ember 1928.

PLAINTIFFS' EXHIBIT P-117

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED AND SUBSIDIARY COMPANIES

GOODWILL AND TRADEMARKS, REAL ESTATE, BUILDINGS, MACHINERY AND EQUIPMENT, ETC.

AS AT 30TH SEPTEMBER 1928

	Canadian Industrial Alcohol Company Limited	Canadian Industrial Alcohol Co. of Manitoba Limited	Consolidated Distilleries of Manitoba Limited	Consolidated Distilleries of Manitoba & Company Limited	J. M. Douglas & Company Limited	Wiser's Distillery Limited	St. Hyacinthe Distillery Co. Limited	Canadian Cuban Export Co. Ltd.	Robert McNish & Co. Ltd.	TOTAL	GOODWILL Elimination
Goodwill and Trademarks.....	\$2,142,178.00		\$143,536.42	\$1,673,527.45	\$1,000,000.00	1,970,150.47	2,949,339.02	300,000.00		10,178,731.36	
Real Estate.....	32,643.00		42,095.00	13,950.00			5,250.00			93,938.00	
Buildings, Machinery and Equipment.....	3,628,543.99		428,174.70	303,389.74		5,275.78	220,164.91		*61,784.82	4,647,333.94	
Reserve for Depreciation.....	676,644.93		124,321.26	65,853.96			77,268.70			944,088.85	
Office Furniture & Fixtures.....	18,388.45		4,166.35	3,734.16	1,407.67		876.55	414.00		28,987.18	
Reserve for Depreciation.....	5,683.22		406.68		374.65		262.86			6,727.41	
Salesmen's Automobiles, Less Depreciation.....	1,495.86		4,755.74	681.72	2,275.00	1,112.00				10,320.32	
Capital Surplus.....			250,000.00				250,000.00			500,000.00	
Goodwill Elimination, in Respect of Wiser's Distillery Limited.....											1,999,999.00
AMOUNT AS PER CONSOLIDATED BALANCE SHEET.....	\$5,140,921.15		248,000.27	\$1,929,429.11	\$1,003,308.02	1,976,538.25	2,848,098.92	300,414.00	61,784.82	13,508,494.54	1,999,999.00
										1,999,999.00	\$11,508,495.54

* This amount represents Plant, Machinery, Furniture and Fixtures, less Reserve for Depreciation.

675.

Exhibits.

**P-117 (a).
Details of
Goodwill,
Trade-
marks, Real
Estate, &c.,
Canadian
Industrial
Alcohol Co.
and sub-
sidiaries,
30th Sept-
ember 1929.**

PLAINTIFFS' EXHIBIT P-117A

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED AND SUBSIDIARY COMPANIES

GOODWILL AND TRADEMARKS, REAL ESTATE, BUILDINGS, MACHINERY AND EQUIPMENT, ETC.

AS AT 30TH SEPTEMBER, 1929.

	Canadian Industrial Alcohol Company Limited	Canadian Industrial Alcohol Co. of Manitoba Limited	Consolidated Distilleries of Manitoba Limited	J. M. Douglas & Company Limited	Wiser's Distillery Limited	St. Hyacinthe Distillery Co. Limited	Canadian Cuban Export Co. Ltd.	Robert McNish & Co. Ltd.	TOTAL	GOODWILL ELIMINATION
Goodwill and Trademarks.....	\$2,142,180.50	\$144,124.42	\$1,673,527.45	\$1,000,000.00	\$1,970,150.47	\$2,966,200.06	\$300,000.00	.....	\$10,196,182.90	
Real Estate.....	37,209.65	42,095.00	15,676.50	.....	.....	5,250.00	.....	.....	100,231.15	
Buildings, Machinery and Equipment.....	4,027,310.57	431,671.93	302,092.41	.....	9,098.27	175,589.72	.....	*74,812.54	5,020,566.44	
Reserve for Depreciation.....	811,722.74	144,118.29	82,052.94	.....	875.00	63,660.54	.....	.....	1,101,929.51	
Office Furniture and Fixtures.....	23,795.65	4,166.35	3,734.16	1,407.67	.....	.....	414.00	.....	33,517.83	
Reserve for Depreciation.....	7,405.68	813.36	.....	515.41	.....	.....	41.40	.....	8,775.85	
Salesmen's Automobiles, less Depreciation...	1,173.34	3,366.23	747.80	2,016.24	741.44	.....	.....	.....	8,045.05	
Capital Surplus.....	.....	250,000.00	.....	.....	.....	250,000.00	.....	.....	500,000.00	
Goodwill Elimination: In Respect of Wiser's Distillery Limited. In Respect of Canadian Cuban Export Company Limited.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,999,999.00 149,900.00

AMOUNT AS PER CONSOLIDATED BALANCE SHEET.....

\$5,412,552.29	\$230,492.28	\$1,913,725.38	\$1,002,908.50	\$1,979,615.18	\$2,833,379.24	\$300,372.60	\$74,812.54	\$13,747,838.01	\$2,149,899.00
									\$11,597,939.01

* This amount represents Plant, Machinery, Automobiles, Furniture and Fixtures, less Reserve for Depreciation.

PLAINTIFFS' EXHIBIT P-115

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

DETAILS OF REAL ESTATE
BUILDINGS, MACHINERY, GOODWILL, ETC. LESS DEPRECIATION

AS AT 30TH SEPTEMBER 1929

Exhibits.
P-115.
Details of
Real Estate,
Goodwill,
&c., of
Canadian
Industrial
Alcohol,
Ltd.,
30th Sept-
ember 1929.

10	Goodwill and Trademarks	2,142,180.50	
	Corbyville, Ontario		
	Real Estate	26,550.00	
	Buildings, Machinery & Equipment . . .	3,835,161.88	
		<u>3,861,711.88</u>	
	Lindsay, Ontario:		
	Real Estate	4,566.65	
	Office Furniture & Fixtures	3,220.50	
	Buildings, Machinery & Equipment . . .	157,623.80	
		<u>165,410.95</u>	
20	Toronto, Ontario:		
	Real Estate	6,093.00	
	Warehouse & Equipment	34,438.69	
		<u>40,531.69</u>	
	Montreal, Quebec:		
	Warehouse Equipment	77.20	
	Office Furniture & Fixtures	20,575.15	20,652.35
		<u>20,652.35</u>	
30	Salesmen's Automobiles:		
	Less Depreciation	1,173.34	
		<u>4,089,480.21</u>	
			<u>\$6,231,660.71</u>

PLAINTIFFS' EXHIBIT P-116

P-116.
Details of
depreciation
of Real
Estate,
Goodwill,
&c., Cana-
dian Indus-
trial Alcohol
Co., Ltd.,
30th Sept-
ember 1929.

10	Reserve for Depreciation:		
	Building, Machinery & Equipment . . .	810,522.74	
	Montreal Office Furniture & Fixtures . .	7,405.68	
	Toronto Warehouse Equipment	1,200.00	
		<u>819,128.42</u>	

TOTAL AS PER BALANCE SHEET \$5,412,532.29

10

PLAINTIFFS' EXHIBIT P-118

CANADIAN INDUSTRIAL ALCOHOL CO. LIMITED AND SUBSIDIARIES
COMPARATIVE STATEMENT OF FIXED ASSETS

AS AT 30TH SEPT. 1928 and 30TH SEPT. 1929

Exhibits.
P-118.
Compara-
tive State-
ment of
Fixed Assets
of Canadian
Industrial
Alcohol Co.
and sub-
sidiaries,
1928-1929.

		FIXED ASSETS	
		as at 30th Sept.	
		1928	1929
20	Canadian Industrial Alcohol Co. Ltd.....	5,140,921.15	5,412,532.29
	Consolidated Distilleries Ltd.....	248,000.27	628,159.20
	Wiser's Distillery Ltd.....	1,976,538.25	1,979,615.18
	St. Hyacinthe Distillery Co. Ltd.....	2,848,098.92	3,147,039.78
	Canadian Industrial Alcohol of Man.....	.....	.....
	Consolidated Distilleries of Man.....	1,929,429.11	1,995,778.32
30	J. M. Douglas & Co. Ltd.....	1,003,308.02	1,002,908.50
	Robert McNish Co. Ltd.....	61,784.82	76,339.50
	Canadian Cuban Export Co.....	300,414.00	300,372.60
		<u>13,508,494.54</u>	<u>14,542,745.37</u>

40

678.

Exhibits.

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D-88.
Compara-
tive State-
ment of
Profits of
Canadian
Industrial
Alcohol Co.,
Ltd., and
Subsidiaries
(excluding
McNish &
Co.), 1922
to 1929.

DEFENDANTS' EXHIBIT D-88

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED AND SUBSIDIARY COMPANIES, EXCLUDING
ROBERT McNISH & COMPANY LIMITED

COMPARATIVE GROSS AND NET PROFIT STATEMENT

	1922	1923	1924	1925	Total for the 4 years	1926	1927	1928	1929	Total for the 4 years	Increase Decrease
GROSS PROFIT:											
Canadian Industrial Alcohol Com- pany Limited	\$ 419,275.09	\$ 670,251.87	\$ 499,760.00	\$ 555,836.07	\$2,145,123.03	\$435,503.24	\$595,644.94	\$684,130.66	\$133,992.03	\$1,849,270.87	\$295,852.16
Consolidated Distilleries Limited	516,695.12	1,649,531.28	2,158,055.95	1,482,542.46	5,806,824.81	2,263,226.74	2,599,122.32	2,979,630.63	2,399,481.33	10,241,461.02	4,434,636.21
Wiser's Distillery Limited	3,806.96	2,216.81	34,556.32	141,777.46	182,357.55	415,788.86	395,031.06	304,081.89	142,096.60	1,256,998.41	1,074,640.86
St. Hyacinthe Distillery Com- pany Limited		186,336.59	204,942.66	136,058.64	527,337.89	39,713.77	75,881.84	87,596.39	33,574.04	236,766.04	290,571.85
Consolidated Distilleries of Mani- toba Limited				117,005.04	117,005.04	152,252.91	73,010.21	91,732.77	97,706.68	414,702.57	297,697.53
Canadian Industrial Alcohol Com- pany of Manitoba Limited				16,865.43	16,865.43	36,952.73	25,775.14	27,021.12	9,785.23	99,534.22	82,668.79
J. M. Douglas & Company Limited											
Canadian Cuban Export Company Limited											
TOTAL GROSS PROFIT	\$ 939,777.17	\$2,508,336.55	\$2,897,314.93	\$2,450,085.10	\$8,795,513.75	3,343,438.25	3,764,465.51	4,174,193.46	2,816,635.91	14,098,733.13	\$5,303,219.38

NET PROFIT:											
Canadian Industrial Alcohol Com- pany Limited	44,726.34	704,495.81	144,402.34	290,648.98	1,184,273.47	113,658.14	498,431.77	703,455.81	94,867.42	1,413,443.14	229,169.67
Consolidated Distilleries Limited	204,508.44	1,221,132.42	1,608,182.40	1,275,740.91	4,309,564.17	1,859,734.94	1,878,686.77	2,083,313.48	1,876,995.67	7,698,729.96	3,389,165.79
Wiser's Distillery Limited	47,356.71	16,075.56	13,892.14	82,847.38	65,458.37	312,501.09	282,717.11	214,688.29	53,123.61	863,030.10	797,571.73
St. Hyacinthe Distillery Company		52,048.92	47,387.58	6,101.77	93,334.73	12,707.16	9,217.13	32,383.15	7.26	28,885.86	64,448.87
Consolidated Distilleries of Manitoba Limited				47,181.71	47,181.71	25,726.59	5,539.55	18,175.59	83,772.53	122,135.16	169,316.87
Canadian Industrial Alcohol Com- pany of Manitoba Limited				7,436.48	7,436.48	7,815.87	7,223.84	7,223.84	6,541.57	17,336.07	24,772.55
J. M. Douglas & Company Ltd.						9,964.09	55,956.27	58,941.42	50,765.19	175,626.97	175,626.97
Canadian Cuban Export Com- pany Limited							6,239.73	5,254.04	13,180.61	12,194.92	12,194.92
TOTAL NET PROFIT	201,878.07	1,993,752.71	1,813,864.46	1,588,715.31	5,598,012.55	2,316,692.66	2,732,963.07	3,117,541.63	2,139,794.98	10,306,992.34	\$4,708,979.79
INCOME TAX	25,749.64	202,683.63	263,261.94	153,135.19	643,830.40	184,227.13	214,520.91	239,252.58	7,144.98	645,145.00	1,314.60
DIVIDENDS PAID		400,000.00	800,000.00	1,024,000.00	2,224,000.00	1,024,000.00	1,189,228.80	1,614,041.64	1,661,136.18	5,488,406.62	3,264,406.62
BONUS (CASH)		200,000.00			200,000.00				273,166.50	273,166.50	73,166.50
BONUS (STOCK)							807,900.00			807,900.00	807,900.00
DOMINION GOVERNMENT SALES TAX CLAIM	176,128.43	1,191,069.08	751,602.52	411,382.12	2,530,182.15	1,108,465.53	521,313.96	1,274,247.41	198,347.32	3,092,374.22	\$562,192.07
	30,732.05	102,964.08	176,988.06	238,377.35	549,061.54	339,396.78	341,614.06	173,927.62		854,938.46	305,876.92
	\$145,396.38	\$1,088,105.00	\$574,614.46	\$173,004.77	\$1,981,120.61	\$769,068.75	\$179,699.90	\$1,090,319.79	\$198,347.32	\$2,237,435.76	\$256,315.15

Exhibits.
P-143.
Statement of dividends declared by Canadian Industrial Alcohol Co., 1922 to 1929.

PLAINTIFFS' EXHIBIT P-143

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

DIVIDENDS

Of Record	Date Paid	%	Per Share	Dividend	Total By Years	Capital	No. of Shares	Par Value	Remarks
30th December, 1922	15th January, 1923	1	.25	\$100,000.00		\$10,000,000.00	400,000	\$25	
31st March, 1923	16th April, 1923	1	.25	100,000.00		10,000,000.00	400,000	25	
30th June, 1923	16th July, 1923	1	.25	100,000.00		10,000,000.00	400,000	25	
30th September, 1923	8th October, 1923	1	.25	100,000.00		10,000,000.00	400,000	25	
30th September, 1923	8th October, 1923	2	.50	200,000.00	\$ 600,000.00	10,000,000.00	400,000	25	Cash Bonus.
31st December, 1923	7th January, 1924	1½	.37½	150,000.00		10,000,000.00	400,000	25	
31st March, 1924	7th April, 1924	1½	.37½	150,000.00		10,000,000.00	400,000	25	
30th June, 1924	7th July, 1924	2½	.62½	250,000.00		10,000,000.00	400,000	25	
30th September, 1924	15th October, 1924	2½	.62½	250,000.00	800,000.00	10,000,000.00	400,000	25	
31st December, 1924	15th January, 1925	.32	.32	256,000.00			800,000	N.P.V.	New Company incorporated as at 30th September, 1924 with 800,000 shares of No Par Value.
31st March, 1925	15th April, 1925	.32	.32	256,000.00			800,000		
30th June, 1925	15th July, 1925	.32	.32	256,000.00			800,000		
30th September, 1925	15th October, 1925	.32	.32	256,000.00	1,024,000.00		800,000		
					<u>2,424,000.00</u>				
31st December, 1925	15th January, 1926	.32	.32	256,000.00			800,000		
31st March, 1926	15th April, 1926	.32	.32	256,000.00			800,000		
30th June, 1926	15th July, 1926	.32	.32	256,000.00			800,000		
30th September, 1926	15th October, 1926	.32	.32	256,000.00	1,024,000.00		800,000		
					<u>1,024,000.00</u>				
31st December, 1926	15th January, 1927	.32	.32	256,000.00			800,000		
30th March, 1927	15th April, 1927	.32	.32	310,233.60			969,480		
30th June, 1927	15th July, 1927	.32	.32	310,233.60			969,480		
30th September, 1927	15th October, 1927	.32	.32	310,233.60	1,186,700.80		969,480		
					<u>1,186,700.80</u>				
31st December, 1927	15th January, 1928	.38	.38	368,402.40			969,480		
31st March, 1928	16th April, 1928	.38	.38	415,213.08			1,092,666		
30th June, 1928	16th July, 1928	.38	.38	415,213.08			1,092,666		
29th September, 1928	15th October, 1928	.38	.38	415,213.08	1,614,041.64		1,092,666		
					<u>1,614,041.64</u>				
31st December, 1928	15th January, 1929	.38	.38	415,213.08			1,092,666		
31st December, 1928	15th January, 1929	.25	.25	273,166.50			1,092,666		Cash Bonus.
30th March, 1929	15th April, 1929	.38	.38	415,307.70			1,092,915		
30th June, 1929	15th July, 1929	.38	.38	415,307.70			1,092,915		
30th September, 1929	15th October, 1929	.38	.38	415,307.70	1,934,302.68		1,092,915		
					<u>1,934,302.68</u>				
31st December, 1929	15th January, 1930	.38	.38	415,307.70			1,092,915		
					<u>\$8,183,045.12</u>				
					<u>2,424,000.00</u>				
					<u>\$5,759,045.12</u>				

969,480 Voting. 123,186 Non-Voting.

169,480 Bonus Shares.

Cash Bonus.

800,000 payable 15th January, 1927.

800,000

800,000

800,000

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Exhibits.

**Exhibit Group No. 27: Canadian Industrial Alcohol Co.—
Miscellaneous Matters**

P-158.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
Colonel F.
M. Gaudet,
6th Febru-
ary 1926.

PLAINTIFFS' EXHIBIT P-158

MEMORANDUM OF AGREEMENT entered into at the City of Montreal on the 6th day of February, 1926, between CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED, herein represented by Right Honourable Lord Shaughnessy, its President, and J. Gibson Lawrence, its Secretary, hereunto duly authorized (hereinafter called the "Company"), of the first part, and COLONEL FREDERICK MONDELET GAUDET, C.M.G., of the second part;

WHEREAS the party of the second part is in the employ of the Company and can, in the opinion of said Company, contribute to the development and successful conduct of the business of the said Company, and

20 WHEREAS the Company desires to interest the party of the second part in said Company, and, with that object in view, has determined to set aside the number of shares of the Capital Stock of the Canadian Industrial Alcohol Company Limited hereinafter set forth, which shares will, subject to the due fulfillment of the conditions hereinafter provided, be delivered in full ownership to the party of the second part, or, in the event of non-fulfillment of such conditions, be returned to the Company.

30 NOW THEREFORE THIS AGREEMENT WITNESSETH AND THE PARTIES HERETO HAVE AGREED EACH WITH THE OTHER AS FOLLOWS, THAT IS TO SAY:

1. The Company has concurrently, with the execution of this agreement, set aside of the stock remaining in the Treasury Two Thousand (2,000) shares of the ordinary stock of Canadian Industrial Alcohol Company Limited, which shall be held by the Company for the party of the second part, until the period for the surrender thereof shall have elapsed as hereinafter provided and the other terms and conditions hereof shall have been fulfilled.

40 2. The party of the second part hereby agrees to continue in the employ of the Company for the full period of (Five) years from Sept. 15th, 1922, in his present capacity, or in such other capacity as the Directors of said Company may hereafter from time to time determine. The party of the second part undertakes during such

period to devote all his time and best attention and energies to the advancement of the affairs of said Company in the capacity in which he may be employed, and not to become associated, either directly or indirectly, with any other business during such period except with the consent of the Directors of the Company. The salary to which the party of the second part shall be entitled during said period shall be that which shall be agreed upon from time to time between the said party of the second part and the Directors of the Company.

10 3. The Directors of the Company shall be entitled at any time to cancel and terminate the engagement of the party of the second part if, for any reason in the judgment of said Directors (who shall be the sole judge) the services of the party of the second part are no longer required by said Company.

20 4. Should the services of the party of the second part prove satisfactory to the Company, and should the said party of the second part continue in the uninterrupted employment of said Company during the full period set forth in Paragraph 2 hereof, as evidenced by a certificate in writing of the President or Vice-President of said Company, and upon payment for the said shares in the amount of Six Dollars (\$6.00) per share by the party of the second part, the said party of the second part shall be entitled to receive the shares referred to in Paragraph 1 hereof as the absolute property of the party of the second part.

30 5. Should the party of the second part, for any other reason than death or incapacity through illness, not continue in the uninterrupted employment of the Company during the full period referred to in Paragraph 2 hereof, as evidenced by the certificate hereinabove mentioned, the Company shall retain the shares referred to in Paragraph 1 hereof and the provisions of this agreement shall become *ipso facto* null and void.

40 6. Should the party of the second part, before the expiration of the period mentioned in Paragraph 2 hereof, and while still in the employ of the Company, become incapacitated or die, then the party of the second part shall be deemed to be entitled to the number of shares proportionate to the period of time which shall have elapsed, in which event, and upon the fulfillment of all other conditions hereof, including payment for such shares or such proportion of the same in the amount of Six Dollars (\$6.00) per share, the said proportionate number (disregarding any fraction) of shares shall be transferred and delivered to the party of the second part or his representatives as in Clause 5 provided.

Exhibits.

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P-158.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
Colonel F.
M. Gaudet,
6th Febru-
ary 1926—
continued.

P-158.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
Colonel F.
M. Gaudet,
6th Febru-
ary 1926—
continued.

7. An amount equal to all dividends upon shares held in virtue hereof, so long as they are so held, shall be credited to the party of the second part and shall apply upon the purchase price of said shares.

8. The shares covered by this agreement, or any portion of them, shall not be issued until the conditions hereof shall have been fulfilled.

10 IN WITNESS WHEREOF the parties hereto have signed these presents at the place on the date, month and year first hereinabove written.

CANADIAN INDUSTRIAL ALCOHOL CO. LIMITED

(Signed) SHAUGHNESSY
President.

20 (Signed) J. GIBSON LAWRENCE
Secretary.

(Signed) F. M. GAUDET (Seal)

PLAINTIFFS' EXHIBIT P-159

30 MEMORANDUM OF AGREEMENT entered into at the City of Montreal on the first day of August, 1925, between CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED, herein represented by Right Honourable Lord Shaughnessy, its President, and J. Gibson Lawrence, its Secretary, hereunto duly authorized (hereinafter called the "Company"), of the First Part; and JOHN GIBSON LAWRENCE, of the Second Part;

P-159.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
J. G. Law-
rence,
1st August
1925.

40 WHEREAS the party of the second part is in the employ of the Company and can, in the opinion of said Company, contribute to the development and successful conduct of the business of the said Company; and

WHEREAS the Company desires to interest the party of the second part in said Company and, with that object in view, has determined to set aside the number of shares of the Capital Stock of the Canadian Industrial Alcohol Company Limited, hereinafter set forth, which shares will, subject to the due fulfillment of the con-

ditions hereinafter provided, be delivered in full ownership to the party of the second part, or, in the event of non-fulfillment of such conditions, be returned to the Company.

NOW THEREFORE THIS AGREEMENT WITNESSETH AND THE PARTIES HERETO HAVE AGREED EACH WITH THE OTHER AS FOLLOWS, THAT IS TO SAY:

10 1. The Company has concurrently, with the execution of this agreement, set aside of the stock remaining in the Treasury Two Thousand (2,000) shares of the ordinary stock of Canadian Industrial Alcohol Company Limited, which shall be held by the Company for the party of the second part, until the period for the surrender thereof shall have elapsed as hereinafter provided and the other terms and conditions hereof shall have been fulfilled.

20 2. The party of the second part hereby agrees to continue in the employ of the Company for the full period of (Five) years from the date hereof in his present capacity, or in such other capacity as the Directors of said Company may hereafter from time to time determine. The party of the second part undertakes during such period to devote all his time and best attention and energies to the advancement of the affairs of said Company in the capacity in which he may be employed, and not to become associated, either directly or indirectly, with any other business during such period except with the consent of the Directors of the Company. The salary to
30 shall be that which shall be agreed upon from time to time between the said party of the second part and the Directors of the Company.

3. The Directors of the Company shall be entitled at any time to cancel and terminate the engagement of the party of the second part if, for any reason in the judgment of said Directors (who shall be the sole judge) the services of the party of the second part are no longer required by said Company.

40 4. Should the services of the party of the second part prove satisfactory to the Company, and should the said party of the second part continue in the uninterrupted employment of said company during the full period set forth in Paragraph 2 hereof, as evidenced by a certificate in writing of the President or Vice-President of said Company, and upon payment for the said shares in the amount of Ten Dollars (\$10.00) per share by the party of the second part, the said party of the second part shall be entitled to receive the shares

Exhibits.

P-159.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
J. G. Law-
rence,
1st August
1925—con-
tinued.

Exhibits.
—
P-159.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
J. G. Law-
rence,
1st August
1925—con-
tinued.

referred to in Paragraph 1 hereof as the absolute property of the party of the second part.

5. Should the party of the second part, for any other reason than death or incapacity through illness, not continue in the uninterrupted employment of the Company during the full period referred to in Paragraph 2 hereof, as evidenced by the certificate hereinabove mentioned, the Company shall retain the shares referred to in Paragraph 1 hereof and the provisions of this agreement shall become
10 *ipso facto* null and void.

6. Should the party of the second part, before the expiration of the period mentioned in Paragraph 2 hereof, and while still in the employ of the Company, become incapacitated or die, then the party of the second part shall be deemed to be entitled to the number of shares proportionate to the period of time which shall have elapsed, in which event, and upon the fulfillment of all other conditions hereof, including payment for such shares or such proportion of the
20 same in the amount of Ten Dollars (\$10.00) per share, the said proportionate number (disregarding any fraction) of shares shall be transferred and delivered to the party of the second part or his representatives as in Clause 5 provided.

7.—An amount equal to all dividends upon shares held in virtue hereof, so long as they are so held, shall be credited to the party of the second part and shall apply upon the purchase price of said shares.

8. The shares covered by this agreement, or any portion of them, shall not be issued until the conditions hereof shall have been fulfilled.

IN WITNESS WHEREOF the parties hereto have signed these presents at the place on the date, month and year first hereinabove written.

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

40

(Signed) SHAUGHNESSY
President.

(Signed) J. GIBSON LAWRENCE
Secretary.

(Signed) J. GIBSON LAWRENCE
(Seal)

PLAINTIFFS' EXHIBIT P-160

Exhibits.
—
P-160.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
John Stor-
mont, Jr.,
1st August
1925.

10 MEMORANDUM OF AGREEMENT entered into at the City of Montreal on the first day of August, 1925, between CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED, herein represented by Right Honourable Lord Shaughnessy, its President, and J. Gibson Lawrence, its Secretary, hereunto duly authorized (hereinafter called the "Company"), of the First Part; and JOHN STORMONT, JUNIOR, of the Second Part;

WHEREAS the party of the second part is in the employ of the Company and can, in the opinion of said Company, contribute to the development and successful conduct of the business of the said Company; and

20 WHEREAS the Company desires to interest the party of the second part in said Company and, with that object in view, has determined to set aside the number of shares of the Capital Stock of the Canadian Industrial Alcohol Company Limited hereinafter set forth, which shares will, subject to the due fulfillment of the conditions hereinafter provided, be delivered in full ownership to the party of the second part, or, in the event of non-fulfillment of such conditions, be returned to the Company.

30 NOW THEREFORE THIS AGREEMENT WITNESSETH AND THE PARTIES HERETO HAVE AGREED EACH WITH THE OTHER AS FOLLOWS, THAT IS TO SAY:

1. The Company has concurrently, with the execution of this agreement, set aside of the stock remaining in the Treasury Five Thousand (5,000) shares of the ordinary stock of Canadian Industrial Alcohol Company Limited, which shall be held by the Company for the party of the second part, until the period for the surrender thereof shall have elapsed as hereinafter provided and the other terms and conditions hereof shall have been fulfilled.

40 2. The party of the second part hereby agrees to continue in the employ of the Company for the full period of (five) years from the date hereof in his present capacity, or in such other capacity as the Directors of said Company may hereafter from time to time determine. The party of the second part undertakes during such period to devote all his time and best attention and energies to the advancement of the affairs of said Company in the capacity in which he may be employed, and not to become associated, either directly

or indirectly, with any other business during such period except with the consent of the Directors of said Company. The salary to which the party of the second part shall be entitled during said period shall be that which shall be agreed upon from time to time between the said party of the second part and the Directors of the Company.

10 3. The Directors of the Company shall be entitled at any time to cancel and terminate the engagement of the party of the second part if, for any reason in the judgment of said Directors (who shall be the sole judge) the services of the party of the second part are no longer required by said Company.

20 4. Should the services of the party of the second part prove satisfactory to the Company, and should the said party of the second part continue in the uninterrupted employment of said Company during the full period set forth in Paragraph 2 hereof, as evidenced by a certificate in writing of the President or Vice-President of said Company, and upon payment for the said shares in the amount of Ten Dollars (\$10.00) per share by the party of the second part, the said party of the second part shall be entitled to receive the shares referred to in paragraph I hereof as the absolute property of the party of the second part.

30 5. Should the party of the second part, for any other reason than death or incapacity through illness, not continue in the uninterrupted employment of the Company during the full period referred to in Paragraph 2 hereof, as evidenced by the certificate hereinabove mentioned, the Company shall retain the shares referred to in Paragraph 1 hereof and the provisions of this agreement shall become *ipso facto* null and void.

40 6. Should the party of the second part, before the expiration of the period mentioned in Paragraph 2 hereof, and while still in the employ of the Company, become incapacitated or die, then the party of the second part shall be deemed to be entitled to the number of shares proportionate to the period of time which shall have elapsed, in which event, and upon the fulfillment of all other conditions hereof, including payment for such shares or such proportion of the same in the amount of Ten Dollars (\$10.00) per share, the said proportionate number (disregarding any fraction) of shares shall be transferred and delivered to the party of the second part or his representatives as in Clause 5 provided.

7. An amount equal to all dividends upon shares held in virtue hereof, so long as they are so held, shall be credited to the party of

Exhibits.
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P-160.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
John Stor-
mont, Jr.,
1st August
1925—con-
tinued.

Exhibits.
—
P-160.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
John Stormont, Jr.,
1st August
1925—con-
tinued.

the second part and shall apply upon the purchase price of said shares.

8. The shares covered by this agreement, or any portion of them, shall not be issued until the conditions hereof shall have been fulfilled.

10 IN WITNESS WHEREOF the parties hereto have signed these presents at the place on the date, month and year first hereinabove written.

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

(Signed) SHAUGHNESSY
President.

(Signed) J. GIBSON LAWRENCE
Secretary.

20 (Signed) JOHN STORMONT, JR.
(Seal)

PLAINTIFFS' EXHIBIT P-161

30 MEMORANDUM OF AGREEMENT entered into at the City of Montreal on the first day of January, 1927, between CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED, herein represented by the Right Honourable Lord Shaughnessy, its President, and J. Gibson Lawrence, Esq., its Secretary, hereunto duly authorized (hereinafter called the "Company", of the First Part; and FISHER WILLMORE, of the Second Part;

P-161.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
Fisher
Wilmore,
1st January
1927.

WHEREAS the party of the second part is in the employ of the Company and can, in the opinion of said Company, contribute to the development and successful conduct of the business of the said Company; and

40 WHEREAS the Company desires to interest the party of the second part in said Company and, with that object in view, has determined to set aside the number of shares of the Capital Stock of the Canadian Industrial Alcohol Company Limited, hereinafter set forth, which shares will, subject to the due fulfillment of the conditions hereinafter provided, be delivered in full ownership to the party of the second part, or, in the event of non-fulfillment of such conditions, be returned to the Company.

NOW THEREFORE THIS AGREEMENT WITNES-
SETH AND THE PARTIES HERETO HAVE AGREED
EACH WITH THE OTHER AS FOLLOWS, THAT IS
TO SAY:

10 1. The Company has concurrently, with the execution of this agreement, set aside of the stock remaining in the Treasury Five Thousand (5,000) shares of the ordinary stock of Canadian Industrial Alcohol Company Limited, which shall be held by the Company for the party of the second part, until the period for the surrender thereof shall have elapsed as hereinafter provided and the other terms and conditions hereof shall have been fulfilled.

20 2. The party of the second part hereby agrees to continue in the employ of the Company for the full period of (five) years from the date hereof in his present capacity, or in such other capacity as the Directors of said Company may hereafter from time to time determine. The party of the second part undertakes during such period to devote all his time and best attention and energies to the advancement of the affairs of said Company in the capacity in which he may be employed, and not to become associated, either directly or indirectly, with any other business during such period except with the consent of the Directors of the Company. The salary to which the party of the second part shall be entitled during said period shall be that which shall be agreed upon from time to time between the said party of the second part and the Directors of the Company.

30 3. The Directors of the Company shall be entitled at any time to cancel and terminate the engagement of the party of the second part if, for any reason in the judgment of said Directors (who shall be the sole judge) the services of the party of the second part are no longer required by said Company.

40 4. Should the services of the party of the second part prove satisfactory to the Company, and should the said party of the second part continue in the uninterrupted employ of said Company during the full period set forth in Paragraph 2 hereof, as evidenced by a certificate in writing of the President or Vice-President of said Company, and upon payment for the said shares in the amount of Ten Dollars (\$10.00) per share by the party of the second part, the said party of the second part shall be entitled to receive the shares referred to in Paragraph 1 hereof as the absolute property of the party of the second part.

Exhibits.
—
P-161.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
Fisher
Wilmore,
1st January
1927—con-
tinued.

Exhibits.
—
P-161.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
Fisher
Wilmore,
1st January
1927—con-
tinued.

5. Should the party of the second part, for any other reason than death or incapacity through illness, not continue in the uninterrupted employment of the Company during the full period referred to in Paragraph 2 hereof, as evidenced by the certificate hereinafter mentioned, the Company shall retain the shares referred to in Paragraph 1 hereof and the provisions of this agreement shall become *ipso facto* null and void.

10 Should the party of the second part, before the expiration of the period mentioned in Paragraph 2 hereof, and while still in the employ of the Company, become incapacitated or die, then the party of the second part shall be deemed to be entitled to the number of shares proportionate to the period of time which shall have elapsed, in which event, and upon the fulfillment of all other conditions hereof, including payment for such shares or such proportion of the same in the amount of Ten Dollars (\$10.00) per share, the said proportionate number (disregarding any fraction) of shares shall be transferred and delivered to the party of the second part or his repre-
20 sentatives as in Clause 5 provided.

7. An amount equal to all dividends upon shares held in virtue hereof, so long as they are so held, shall be credited to the party of the second part and shall apply upon the purchase price of said shares.

8. The shares covered by this agreement, or any portion of them, shall not be issued until the conditions hereof shall have been fulfilled.

30 IN WITNESS WHEREOF the parties hereto have signed these presents at the place on the date, month and year first hereinabove written.

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

(Signed) SHAUGHNESSY
President.

40 (Signed) J. GIBSON LAWRENCE
Secretary.

(Signed) FISHER WILMORE
(Seal)

PLAINTIFFS' EXHIBIT P-162

Exhibits.

P-162.

Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
G. G. Keast-
ner,
1st January
1927.

MEMORANDUM OF AGREEMENT entered into at the City of Montreal on the first day of January, 1927, between CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED, herein represented by The Right Honourable Lord Shaughnessy, its President, and J. Gibson Lawrence, Esq., its Secretary, hereunto duly authorized (hereinafter called the "Company"), of the First Part; and GEORGE GOLHOLDT KAESTNER, of the Second Part;

10

WHEREAS the party of the second part is in the employ of the Company and can, in the opinion of said Company, contribute to the development and successful conduct of the business of the said Company; and

20

WHEREAS the Company desires to interest the party of the second part in said Company and, with that object in view, has determined to set aside the number of shares of the Capital Stock of the Canadian Industrial Alcohol Company Limited, hereinafter set forth, which shares will, subject to the due fulfillment of the conditions hereinafter provided, be delivered in full ownership to the party of the second part, or, in the event of non-fulfillment of such conditions, be returned to the Company.

30

NOW THEREFORE THIS AGREEMENT WITNESSETH AND THE PARTIES HERETO HAVE AGREED EACH WITH THE OTHER AS FOLLOWS, THAT IS TO SAY:

40

1. The Company has concurrently, with the execution of this agreement, set aside of the stock remaining in the Treasury Two Thousand (2,000) shares of the ordinary stock of Canadian Industrial Alcohol Limited, which shall be held by the Company for the party of the second part, until the period for the surrender thereof shall have elapsed as hereinafter provided and the other terms and conditions hereof shall have been fulfilled.

2. The party of the second part hereby agrees to continue in the employ of the Company for the full period of five (5) years from the date hereof in his present capacity, or in such other capacity as the Directors of said Company may hereafter from time to time determine. The party of the second part undertakes during such period to devote all his time and best attention and energies to the advancement of the affairs of said Company in the capacity in which he may be employed, and not to become associated, either

directly or indirectly, with any other business during such period except with the consent of the Directors of the Company. The salary to which the party of the second part shall be entitled during said period shall be that which shall be agreed upon from time to time between the said party of the second part and the Directors of the Company.

10 3. The Directors of the Company shall be entitled at any time to cancel and terminate the engagement of the party of the second part if, for any reason in the judgment of said Directors (who shall be the sole judge) the services of the party of the second part are no longer required by said Company.

20 4.—Should the services of the party of the second part prove satisfactory to the Company, and should the said party of the second part continue in the uninterrupted employment of said Company during the full period set forth in Paragraph 2 hereof, as evidenced by a certificate in writing of the President or Vice-President of said Company, and upon payment for the said shares in the amount of Fifteen Dollars (\$15.00) per share by the party of the second part, the said party of the second part shall be entitled to receive the shares referred to in Paragraph I hereof as the absolute property of the party of the second part.

30 5. Should the party of the second part, for any other reason than death or incapacity through illness, not continue in the uninterrupted employment of the Company during the full period referred to in Paragraph 2 hereof, as evidenced by the certificate hereinabove mentioned, the Company shall retain the shares referred to in Paragraph 1 hereof and the provisions of this agreement shall become *ipso facto* null and void.

Exhibits.

P-162.
Agreement
for allot-
of shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
G. G. Keast-
ner,
1st January
1927—con-
tinued.

40 6. Should the party of the second part, before the expiration of the period mentioned in Paragraph 2 hereof, and while still in the employ of the Company, become incapacitated or die, then the party of the second part shall be deemed to be entitled to the number of shares proportionate to the period of time which shall have elapsed, in which event, and upon the fulfillment of all other conditions hereof, including payment for such shares or such proportion of the same in the amount of Fifteen Dollars (\$15.00) per share, the said proportionate number (disregarding any fraction) of shares shall be transferred and delivered to the party of the second part or his representatives as in Clause 5 provided.

7. An amount equal to all dividends except stock dividends

Exhibits.

P-162.
Agreement
for allot-
ment of shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
G. G. Keast-
ner,
1st January
1927—con-
tinued.

or bonuses upon shares held in virtue hereof, so long as they are so held, shall be credited to the party of the second part and shall apply upon the purchase price of said shares.

8. The shares covered by this agreement, or any portion of them, shall not be issued until the conditions hereof shall have been fulfilled.

10 IN WITNESS WHEREOF the parties hereto have signed these presents at the place on the date, month and year first hereinabove written.

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

(Signed) SHAUGHNESSY
President.

20 (Signed) J. GIBSON LAWRENCE
Secretary.

(Signed) GEO. G. KAESTNER

PLAINTIFFS' EXHIBIT P-163

P-163.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
Archibald
Kelly,
1st January
1927.

30 MEMORANDUM OF AGREEMENT entered into at the City of Montreal on the First day of January, 1927, between CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED, herein represented by The Right Honourable Lord Shaughnessy, its President, and J. Gibson Lawrence, Esq., its Secretary, hereunto duly authorized (hereinafter called the "Company"), of the First Part; and ARCHIBALD KELLY, of the Second Part;

40 WHEREAS the party of the second part is in the employ of the Company and can, in the opinion of said Company, contribute to the development and successful conduct of the business of the said Company; and

WHEREAS the Company desires to interest the party of the second part in said Company and, with that object in view, has determined to set aside the number of shares of the Capital Stock of the Canadian Industrial Alcohol Company Limited, hereinafter set forth, which shares will, subject to the due fulfillment of the conditions hereinafter provided, be delivered in full ownership to

the party of the second part, or, in the event of non-fulfillment of such conditions, be returned to the Company.

NOW THEREFORE THIS AGREEMENT WITNESSETH AND THE PARTIES HERETO HAVE AGREED EACH WITH THE OTHER AS FOLLOWS, THAT IS TO SAY:

10 1. The Company has concurrently, with the execution of this agreement, set aside of the stock remaining in the Treasury Five Thousand (5,000) shares of the ordinary stock of Canadian Industrial Alcohol Company Limited, which shall be held by the Company for the party of the second part, until the period for the surrender thereof shall have elapsed as hereinafter provided and the other terms and conditions hereof shall have been fulfilled.

20 2. The party of the second part hereby agrees to continue in the employ of the Company for the full period of (five) years from the date hereof in his present capacity, or in such other capacity as the Directors of said Company may hereafter from time to time determine. The party of the second part undertakes during such period to devote all his time and best attention and energies to the advancement of the affairs of said Company in the capacity in which he may be employed, and not to become associated, either directly or indirectly, with any other business during such period except with the consent of the Directors of the Company. The salary to which the party of the second part shall be entitled during such period shall be that which shall be agreed upon from time to time between
30 the said party of the second part and the Directors of the Company.

3. The Directors of the Company shall be entitled at any time to cancel and terminate the engagement of the party of the second part if, for any reason in the judgment of said Directors (who shall be the sole judge) the services of the party of the second part are no longer required by said Company.

40 4. Should the services of the party of the second part prove satisfactory to the Company, and should the said party of the second part continue in the uninterrupted employment of said Company during the full period set forth in Paragraph 2 hereof, as evidenced by a certificate in writing of the President or Vice-President of said Company, and upon payment for the said shares in the amount of Fifteen Dollars (\$15.00) per share by the party of the second part, the said party of the second part shall be entitled to receive the shares referred to in Paragraph 1 hereof as the absolute property of the party of the second part.

Exhibits.
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P-163.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
Archibald
Kelly,
1st January
1927—con-
tinued.

Exhibits.

P-163.
Agreement
for allot-
ment of
shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
Archibald
Kelly,
1st January
1927—con-
tinued.

5. Should the party of the second part, for any other reason than death or incapacity through illness, not continue in the uninterrupted employment of the Company during the full period referred to in Paragraph 2 hereof, as evidenced by the certificate hereinabove mentioned, the Company shall retain the shares referred to in Paragraph 1 hereof and the provisions of this agreement shall become *ipso facto* null and void.

10 6. Should the party of the second part, before the expiration of the period mentioned in Paragraph 2 hereof, and while still in the employ of the Company, become incapacitated or die, then the party of the second part shall be deemed to be entitled to the number of shares proportionate to the period of time which shall have elapsed, in which event, and upon the fulfillment of all other conditions hereof, including payment for such shares or such proportion of the same in the amount of Fifteen Dollars (\$15.00) per share, the said proportionate number (disregarding any fraction of shares) shall be transferred and delivered to the party of the second part or his representatives as in Clause 5 provided.

20

7. An amount equal to all dividends except stock dividends or bonuses upon shares held in virtue hereof, so long as they are so held, shall be credited to the party of the second part and shall apply upon the purchase price of said shares.

8. The shares covered by this agreement, or any portion of them, shall not be issued until the conditions hereof shall have been fulfilled.

30

IN WITNESS WHEREOF the parties hereto have signed these presents at the place on the date, month and year first hereinabove written.

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

(Signed) SHAUGHNESSY
President.

40

(Signed) J. GIBSON LAWRENCE
Secretary.

(Signed) ARCHIBALD KELLY
(Seal)

DEFENDANTS' EXHIBIT D-90

Exhibits.

D-90.
Agreement
for purchase
of shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
Ed. J.
Lauster,
5th August
1925.

MEMORANDUM OF AGREEMENT entered into at the City of Montreal on the first day of August, 1925, between CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED, herein represented by Right Honourable Lord Shaughnessy, its President, and J. Gibson Lawrence, its Secretary, hereunto duly authorized (hereinafter called the "Company") of the First Part; and EDWARD JAMES LAUSTER of the Second Part;

10

WHEREAS the party of the second part is in the employ of the Company and can, in the opinion of said Company, contribute to the development and successful conduct of the business of the said Company; and

20

WHEREAS the Company desires to interest the party of the second part in said Company and, with that object in view, has determined to set aside the number of shares of the Capital Stock of the Canadian Industrial Alcohol Company Limited, hereinafter set forth, which shares will, subject to the due fulfillment of the conditions hereinafter provided, be delivered in full ownership to the party of the second part, or, in the event of non-fulfillment of such conditions, be returned to the Company.

30

NOW THEREFORE THIS AGREEMENT WITNESSETH AND THE PARTIES HERETO HAVE AGREED EACH WITH THE OTHER AS FOLLOWS, THAT IS TO SAY:

40

1. The Company has concurrently, with the execution of this agreement, set aside of the stock remaining in the Treasury Ten Thousand (10,000) shares of the ordinary stock of the Canadian Industrial Alcohol Company Limited, which shall be held by the Company for the party of the second part, until the period for the surrender thereof shall have elapsed as hereinafter provided and the other terms and conditions hereof shall have been fulfilled.

2. The party of the second part hereby agrees to continue in the employ of the Company for the full period of Five (5) years from the date hereof in his present capacity, or in such other capacity as the Directors of said Company may hereafter from time to time determine. The party of the second part undertakes during such period to devote all his time and best attention and energies to the advancement of the affairs of said Company in the capacity in which he may be employed, and not to become associated, either directly

or indirectly, with any other business during such period except with the consent of the Directors of the Company. The salary to which the party of the second part shall be entitled during said period shall be that which shall be agreed upon from time to time between the said party of the second part and the Directors of the Company.

10 3. The Directors of the Company shall be entitled at any time to cancel and terminate the engagement of the party of the second part if, for any reason in the judgment of the said Directors (who shall be the sole judge) the services of the party of the second part are no longer required by said Company.

20 4. Should the services of the party of the second part prove satisfactory to the Company, and should the said party of the second part continue in the uninterrupted employment of said Company during the full period set forth in Paragraph 2 hereof, as evidenced by a certificate in writing of the President or Vice-President of said Company, and upon payment for the said shares in the amount of Ten Dollars (\$10.00) per share by the party of the second part, the said party of the second part shall be entitled to receive the shares referred to in Paragraph 1 hereof as the absolute property of the party of the second part.

30 5. Should the party of the second part, for any other reason than death or incapacity through illness, not continue in the uninterrupted employment of the Company during the full period referred to in Paragraph 2 hereof, as evidenced by the certificate hereinabove mentioned, the Company shall retain the shares referred to in Paragraph 1 hereof and the provisions of this agreement shall become *ipso facto* null and void.

40 6. Should the party of the second part, before the expiration of the period mentioned in Paragraph 2 hereof, and while still in the employ of the Company, become incapacitated or die, then the party of the second part shall be deemed to be entitled to the number of shares proportionate to the period of time which shall have elapsed, in which event, and upon the fulfillment of all other conditions hereof, including payment for such shares or such proportion of the same in the amount of Ten Dollars (\$10.00) per share, the said proportionate number (disregarding any fraction) of shares shall be transferred and delivered to the party of the second part or his representatives as in Clause 5 provided.

7. An amount equal to all dividends upon shares held in virtue hereof, so long as they are so held, shall be credited to the party of

Exhibits.
—
D-90.
Agreement
for purchase
of shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
Ed. J.
Lauster,
5th August
1925—con-
tinued.

the second part and shall apply upon the purchase price of said shares.

Exhibits.

D-90.
Agreement
for purchase
of shares
between
Canadian
Industrial
Alcohol Co.,
Ltd., and
Ed. J.
Lauster,
5th August
1925—con-
tinued.

8. The shares covered by this agreement, or any portion of them, shall not be issued until the conditions hereof shall have been fulfilled.

10 IN WITNESS WHEREOF the parties hereto have signed these presents at the place on the date, month and year first hereinabove written.

CANADIAN INDUSTRIAL ALCOHOL CO. LIMITED

SHAUGHNESSY

President

J. GIBSON LAWRENCE

Secretary

20

EDWARD JAMES LAUSTER

(Seal)

30

40

**Exhibit Group No. 28: Canadian Industrial Alcohol Co.—
Summary of 14 Suits pending in the Exchequer Court,
aggregating \$1,445,683.50**

10

PLAINTIFFS' EXHIBIT P-122

Exhibits. ——— P-122. Statements of Claim (14) Defences and Third Party Pro- ceedings pending in the Ex- chequer Court against sub- sidiaries of Canadian Industrial Alcohol Co. aggregating \$1,445,683.20, and Synopsis, 1923 to 1925.	14	INFORMATIONS (AGGREGATING \$1,445,683.50 PLUS INTEREST), FILED ON BEHALF OF THE CROWN IN THE EXCHEQUER COURT OF CANADA, AGAINST SUBSIDIARIES OF CANADIAN INDUSTRIAL ALCOHOL COMPANY, TO RECO- VER THE AMOUNT OF EXPORT BONDS.			
		Case No.	Defendant	Amount	Int. at 5% from
	20	(a) 8550	Wiser's Distillery.....	\$ 22,286.00	Oct. 9, 1924
		(b) 8559(x)	Consolidated Distillery...	26,290.00	Dec. 3, 1925
				26,290.00	Dec. 3, 1925
				26,636.00	Dec. 3, 1925
		(c) 8744	do do	15,048.50	Jan. 18, 1925
		(d) 9368(x)	do do	30,576.00	Aug. 27, 1924
				22,397.00	Dec. 29, 1924
		(e) 9368(x)	do do	40,204.00	May 6, 1924
		(f) 9369(x)	do do	206,000.00	Oct. 5, 1923
				25,510.00	Oct. 9, 1923
		(g) 9370(x)	do do	74,088.00	Feb. 8, 1924
				55,424.00	Feb. 12, 1924
		(h) 9371	do do	12,795.00	May 22, 1924
		(i) 9378(x)	do do	22,286.00	Oct. 9, 1924
	30	(j) 9619	do do ...	55,755.00	July 19, 1924
				145,906.00	Aug. 20, 1924
		(k) 9672(x)	do do	42,258.00	Feb. 19, 1925
		(l) 9765(x)	do do	56,396.00	Aug. 21, 1925
		(m) 9787	do do	94,245.00	Sept. 17, 1924
		(n) 10314(x)	do do	445,093.00	Oct. 15, 1924
		Total.....		\$1,445,683.50	

N.B.—In all suits marked (x) the Defendants instituted Third Party proceedings before the Exchequer Court, which were disallowed and appeals taken from such disallowance.

40

Exhibits.

P-114.

Memo-
randum
showing
dates of
appoint-
ment of
Messrs.
Joseph,
Marler,
Gaudet,
Decarie and
Kelly as
directors of
the Alcohol
Company,
1919-1927.

**Exhibit Group No. 29: Canadian Industrial Alcohol Co.—
Resignation of Directors**

PLAINTIFFS' EXHIBIT P-114

	NAME 1	Date of Appointment to Board of Directors
	Colonel F. M. Gaudet.....	30th April 1923.
	Henry Joseph.....	14th February, 1919
10	Hon. H. M. Marler.....	18th January, 1921
	E. R. Decary.....	29th May 1923.
	Archibald Kelly.....	20th December, 1927

DEFENDANTS' EXHIBIT D-8

MONTREAL, June 12, 1929.

20 J. B. Lawrence, Esq., Secretary,
Canadian Industrial Alcohol Co.,
Montreal,

Dear Sir,

I beg to resign from the Board of Directors of the Canadian Industrial Alcohol Co., as I expect to be absent from Montreal a good deal in future.

Kindly submit this to the next Directors' Meeting.

30

Yours truly,

HENRY JOSEPH.

DEFENDANTS' EXHIBIT D-6

Montreal, 2nd July, 1929.

40 The Rt. Hon. Lord Shaughnessy, K.C.,
President,
Canadian Industrial Alcohol Co., Ltd.,
Montreal, Que.

Dear Willie,

I am sending you herewith my resignation as one of the Directors of the Canadian Alcohol Company, Limited, and all subsidiary companies.

D-8.
Letter to
J. G. Law-
rence from
Henry
Joseph &
Co.,
12th June
1929.

D-6.
Letter
to Lord
Shaugh-
nessy from
Honourable
H. M. Mar-
ler,
2nd July
1929.

Exhibits.

D-6.
Letter
to Lord
Shaugh-
nessy from
Honourable
H. M. Mar-
ler,
2nd July
1929—con-
tinued.

I think it is well that I should take this action, seeing that I am leaving Canada for an indeterminate period. If you think otherwise, I will be very glad indeed to discuss the matter with you.

In any event, will you allow me to extend my very sincere thanks for the many courtesies I have received at your hands and to assure you also that my association with you these many years has been most pleasant in every particular.

10

Yours sincerely,

HERBERT M. MARLER.

Encl.

DEFENDANTS' EXHIBIT D-5

Montreal, 2nd July, 1929

20 The Rt. Hon. Lord Shaughnessy, K.C.
President,
Canadian Industrial Alcohol Co., Ltd.,
Montreal, Que.

My Lord,

Will you very kindly accept my resignation as one of the Directors of the Canadian Industrial Alcohol Company, Limited, as well as a Director of any of the subsidiary companies in which I

30 hold that capacity.

Yours sincerely,

HERBERT M. MARLER.

PLAINTIFFS' EXHIBIT P-169

Montreal, July 4th, 1929.

P-169.
Letter to
Col. F. M.
Gaudet from
Lord
Shaugh-
nessy,
4th July
1929.

40 My dear Colonel,

I have for the past week been giving serious consideration to the action on your part in selling your Alcohol Shares under the circumstances which it was done and I have discussed the matter with the other Directors and Executive Officials and I have consequently arrived at the following conclusions. Your action has caused such injury to the reputation of the Company that it may

Exhibits.

P-169.

Letter to
Col. F. M.
Gaudet from
Lord
Shaughnessy,
4th July
1929—con-
tinued.

take a long time to recover, and has in addition created a lack of confidence in the other Executives which is deplorable in a Vice-President and Director. Officers and Directors of Companies are conversant with information concerning the Company's affairs which are not available to the public and if they use this information for their own gain at the expense of their Company then they are not in my opinion qualified to occupy those positions.

10 No one regrets more than I do this unfortunate occurrence on account of our long and pleasant association but I cannot allow sentiment to swerve me from the best interests of the Company and its Shareholders.

I am therefore reluctantly compelled to ask for your resignation as Vice-President and Director of the Company.

Yours very truly,

SHAUGHNESSY.

20

PLAINTIFFS' EXHIBIT P-170

MONTREAL, July 5th, 1929.

Lord Shaughnessy,
Montreal, P.Q.

30 Dear Lord Shaughnessy,

I have received your letter of the 4th instant in which you ask me to tender my resignation both as a vice-president and director of the Canadian Industrial Alcohol Limited.

This request I cannot entertain. In the first place, your company and myself have a contract which I have carefully carried out both in spirit and letter. The tendering of my resignation at your suggestion before its expiry would imply an admission on my part that I had been remiss in my duty. Such a suggestion would be as false as it would be unjust.

40 I now come to the only question which has brought about the present serious disagreement, namely the sale of part of the stock which I hold, either having been earned under my contract or purchased with my own funds.

While this stock was my private property unconditionally, without any obligation on my part to consult anyone as to its disposal, but to preclude the very misunderstanding which has now arisen, I

P-170.
Letter
to Lord
Shaughnessy from
Col. F. M.
Gaudet,
5th July
1929.

called on you and asked you if you had any objection to my selling it. you replied "Certainly you can sell your stock, it is your property, but I want you to keep an interest in the company." I am here quoting from your own words uttered in your office at the Canada Cement Building in February, 1929. Complying with your desire I not only kept "an interest in the company" but have kept and now hold some \$25,000.00 of stock, an amount which is in excess, I believe, of the shares held by any director outside of yourself. This interview is as vivid in my mind as it can be and you cannot now go back
10 on your word unreservedly given, and which was accepted in perfect good faith. Of these facts I have definite corroborative evidence. To state at this late date that you do not remember this important conversation does not justify you in the unfriendly and unjust attitude which you have taken towards me.

I note that you state that you have discussed this matter with the directors of the company before drawing your conclusions. I presume that following your precedent, you will consider that it was quite in order, that I should likewise have sought the opinion of two
20 of the directors, men of the highest character, Messrs. Marler and Decary, who are quite independent of office ties and the emoluments pertaining thereto. As I expected these gentlemen were never consulted and had their advice been sought it might have differed from that received from more inspired sources. I can only infer that you have discussed this matter with what you call "Executive Officials" men who after all are really employees of the company and this in my absence without giving me a chance to be heard. Perhaps you will call this fair play. I do not, and I have no more respect for the verdict given than for the method resorted to in obtaining it.

30 The accusation that the sale of a few shares of my stock has caused "injury to the reputation of the company from which it will take a long time to recover" is as baseless as it is unjust. You know well that the precipitating cause of the slump in the companies' shares was due to the closing of the American market. Everybody knows that. The attempt to saddle an innocent third party with such an accusation is so futile and unjust that it will be believed by no one and will not enhance the reputation of the Chief Executive of the company whose welfare he claims to have so much at heart.

40 I will now come to a very important question besides which the position which I hold, and any monetary consideration that goes with it are of very little concern to me indeed. You use words which carry with them the implication that in effecting the sale of my stock I used confidential information for my personal benefit and to the detriment of the company which I was supposed to serve. It is a very daring man indeed who would attempt to cast a slur on my honour. When you spoke to me recently in similar vein, I was

Exhibits.

P-170.

Letter
to Lord
Shaughnessy from
Col. F. M.
Gaudet,
5th July
1929—con-
tinued.

Exhibits.

P-170.
Letter
to Lord
Shaugh-
nessy from
Col. F. M.
Gaudet,
5th July
1929—con-
tinued.

impelled to forgive your angry tones and words which I thought were prompted by worry, keen disappointment and particularly ill-health of which you complained, but now that you write in the same frame of mind after having discussed the matter with others, I not only expect, but want, an explanation and if you mean these words to convey the sense which the English language gives then I demand an immediate apology.

10 In the meantime, no matter how distasteful the task may be, I will continue to carry out my contract with you according to its tenure until its expiry on the first of January 1930 and I accordingly tender you my services for the accomplishment of such duties as pertain to my office.

Yours truly,

F. M. GAUDET.

20

PLAINTIFFS' EXHIBIT P-172

7th January, 1929

P-172.
Letter to
Col. F. M.
Gaudet from
Canadian
Industrial
Alcohol Co.,
7th January
1929.

Colonel F. M. Gaudet, Vice-President,
Canadian Industrial Alcohol Co. Ltd.,
Canada Cement Bldg.,
Montreal.

30 Dear Colonel Gaudet:—

A few days ago Lord Shaughnessy made his decision on salary increases for the New Year, and I have very much pleasure in advising you that your salary has now been placed on a basis of \$15,000.00 per annum effective 1st January 1929.

A further decision made by His Lordship was to the effect that Director's fees, hitherto paid to all Directors, shall now be paid only to outside Directors, in view of which please be advised that no further Director's fees will accrue to you.

40

Yours very truly,

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED,

J. GIBSON LAWRENCE,
Secretary.

JGL/FH.

PLAINTIFFS' EXHIBIT P-171

Exhibits.

P-171.
Letter to
Col. F. M.
Gaudet from
Lord
Shaugh-
nessy,
6th July
1929.

Montreal, July 6th, 1929.

Col. F. M. Gaudet, C.M.G.,
Montreal, Que.

Dear Colonel Gaudet,

10 On my return from Toronto I received your letter of July 5th and must say that I am somewhat surprised at the attitude you have taken.

I did not arrive at the conclusion expressed in my previous letter without very careful consideration and, as I explained to you therein, it was most distasteful to me to be compelled to take the course which, under the circumstances, I felt justifiable inasmuch as I could not permit personal feelings or sentiment to affect my attitude to this Company and its shareholders.

20 You do not seem to understand the nature of your transaction but whether you do or not, the facts abundantly speak for themselves. Not only have you been present at Directors' Meetings when statements as to the affairs of the Company have been presented but you have also made repeated inquiries from Mr. Kelly as to the amount of business done from time to time and all this before you sold your stock.

One can only assume, therefore, that your stock was sold upon the strength of the information thus obtained and was sold at a very low price. In view of the above you are not entitled nor will you receive any apology.

30 I know of no contract which you have as an official of the Company and as far as your being a Director is concerned, your resignation will obviate the necessity of my calling a special meeting of the shareholders to remove you from the Board.

In any event, your salary as an officer of the Company will cease on August 1st next and instructions have been given to the Secretary of the Company to that effect.

Yours very truly,

40

CANADIAN INDUSTRIAL ALCOHOL CO. LIMITED,
SHAUGHNESSY,
President.

PLAINTIFFS' EXHIBIT P-173

Montreal, July 15, 1929.

Exhibits.

—
P-173.

Letter to
Col. F. M.
Gaudet from
Lord
Shaugh-
nessy,
15th July
1929.

Col. F. M. Gaudet,
Montreal, Que.

Dear Colonel Gaudet,

I have had an interview with Mr. J. W. Cook, K.C., at which he
intimated to me that you feared that if you tendered your resigna-
10 tion to the Company such action on your part might affect your
legal rights.

I can assure you that no resignation which you tender would be
used in that way by the Company and such legal rights as you may
pretend to have would not, in any way, be prejudiced thereby.

I am quite prepared to admit that in your letter to me you ten-
dered your services to the Company and to inform you that those
services are not required and in the event of your resigning neither
20 the tender of your services nor any other legal rights which you
claim to have will be in any way affected.

Yours very truly,

CANADIAN INDUSTRIAL ALCOHOL CO. LIMITED,
SHAUGHNESSY,
President.

30

PLAINTIFFS' EXHIBIT P-174

July 16th, 1929.

P-174.
Letter
to Lord
Shaugh-
nessy from
Col. F. M.
Gaudet,
16th July
1929.

Lord Shaughnessy, President,
Canadian Industrial Alcohol Co., Ltd.,
Montreal, P.Q.

Dear Lord Shaughnessy,

I have carefully read your letter of the 15th instant.

40 Mr. Cook's suggestion to me and which he embodied in a letter
to you had for object to relieve the situation which is distasteful to
us both by providing for my non-attendance at the office without
prejudice of any of my rights.

My resignation is another matter, as it involves my duties as an
executive official as well as those of a director of the company. The
first includes the payment of the services which I have tendered until

the expiry of my contract on the 31st of December next, and the second, amongst other duties, attendance at the Board meetings for the same period.

Exhibits.

P-174.

Letter to Lord Shaughnessy from Col. F. M. Gaudet, 16th July 1929—continued.

10 Considering the disagreement we have had, I am convinced that it may be almost impossible for me to render useful service as a director in the interest of the company and its shareholders, because any recommendations which I might wish to make could not be acceptable to you and having control of the stock you have ample powers of overruling them.

Under these circumstances the whole question resolves itself into one of the payment of my services to the end of the year and of my resignation from the Board. I feel disposed to meet you in this way provided that we act simultaneously and immediately.

This proposal is of course made without prejudice of any of my legal rights.

Yours truly,

F. M. GAUDET.

20

PLAINTIFFS' EXHIBIT P-175

MONTREAL, July 22nd, 1929.

Col. F. M. Gaudet, C.M.G.,
Montreal, Que.

Dear Colonel Gaudet,

30 I beg to acknowledge receipt of your favor of the 16th inst., the contents of which have been discussed by me with the Directors of the Company.

In view of your long service with this organization the decision of the Board, of which I am requested to advise you, is that they are agreeable you be paid your salary for the balance of the year provided you tender your resignation immediately as Director and Officer in the following Companies:

40

Canadian Industrial Alcohol Co. Limited
Consolidated Distilleries Limited
St. Hyacinthe Distillery Co. Limited
Wiser's Distillery Limited
Consolidated Distilleries of Manitoba Limited
Canadian Industrial Alcohol Co. of Manitoba Limited

P-175.
Letter to Col. F. M. Gaudet from Lord Shaughnessy, 22nd July 1929.

Exhibits.

P-175.
Letter to
Col. F. M.
Gaudet from
Lord
Shaugh-
nessy,
22nd July
1929—con-
tinued.

As soon as this resignation is received a cheque will be delivered to you for your salary for the balance of the year which the Secretary reports amounts to \$7,500 and which you undertake to accept in full of all claims which you have or may pretend to have against any of the Companies above mentioned.

It is understood that this letter is written entirely without prejudice to this Company's rights in the event of non-acceptance.

Yours very truly,

10

CANADIAN INDUSTRIAL ALCOHOL CO. LIMITED,
SHAUGHNESSY,
President.

PLAINTIFFS' EXHIBIT P-176

Montreal, July 23rd, 1929.

20 Lord Shaughnessy, President,
Canadian Industrial Alcohol Co. Ltd.,
Montreal, P.Q.

P-176.
Letter
to Lord
Shaugh-
nessy from
Col. F. M.
Gaudet,
23rd July
1929.

Dear Lord Shaughnessy,

In reply to your letter of the 22nd instant I am enclosing a copy of my letter sent to the Secretary of the Canadian Industrial Alcohol Company Limited tendering my resignation as a director and an officer in this and other companies enumerated in your communication and asking him to see that proper resolutions are passed accepting such resignation and making it immediately effective and relieving me of any further responsibility in connection therewith.

30

Yours truly,

F. M. GAUDET.

PLAINTIFFS' EXHIBIT P-177

Montreal, July 23rd, 1929.

40 J. G. Lawrence, Esq., Secretary,
Canadian Industrial Alcohol Co. Ltd.,
Montreal, P.Q.

P-177.
Letter to
Canadian
Industrial
Alcohol Co.,
Ltd., from
Col. F. M.
Gaudet,
tendering
resignation
as Director,
&c., of
Canadian
Industrial
Alcohol Co.
and Sub-
sidiaries,
23rd July
1929.

Dear Sir,

In consideration of the payment to be made to me on receipt of this letter of the sum of seven thousand, five hundred dollars (\$7,500-

Exhibits.

P-177.
Letter to
Canadian
Industrial
Alcohol Co.,
Ltd., from
Col. F. M.
Gaudet,
tendering
resignation
as Director,
&c., of
Canadian
Industrial
Alcohol Co.,
and Sub-
sidiaries,
23rd July
1929—con-
tinued.

.00) being the balance of my salary to the end of this year and for the further reasons given in my letter of the 16th of July instant to the President of the Canadian Industrial Alcohol Company Limited I hereby tender my resignation as a director and officer in the following companies, said resignation to become effective at once:

10 Canadian Industrial Alcohol Co. Limited,
Consolidated Distilleries Limited,
St. Hyacinthe Distillery Co. Limited,
Wiser's Distillery Limited,
Consolidated Distilleries of Manitoba Limited,
Canadian Industrial Alcohol Co. of Manitoba Limited.

20 Will you please bring the tender of my resignation up at the next regular meeting of the Board of Directors of the Canadian Industrial Alcohol Co. Limited and other companies above enumerated requesting them to accept it and forward me duly certified copies of the resolutions embodying the tender and acceptance thereof.

Yours faithfully,

F. M. GAUDET.

30

PLAINTIFFS' EXHIBIT P-178

Montreal, July 22nd, 1929.

P-178.
Letter to
Col. F. M.
Gaudet from
J. G. Law-
rence,
22nd July
1929.

Colonel F. M. Gaudet,
Montreal, P.Q.

Dear Sir,

40 I herewith enclose the company's cheque for seven thousand five hundred dollars (\$7,500.00) in full payment of your services until the first of January 1930. It is also understood that no further services shall be required from you on and after this date.

Yours faithfully,

J. GIBSON LAWRENCE.

PLAINTIFFS' EXHIBIT P-179

Exhibits.

MONTREAL, QUE., 5th August 1929

P-179.
Letter to
Col. F. M.
Gaudet from
Canadian
Industrial
Alcohol Co.,
Ltd., with
Extract
from
Minutes of
Meeting of
Directors
held on
July 24,
1929,
5th August
1929.

Colonel F. M. Gaudet,
1455 Drummond Street,
Montreal.

10 Dear Colonel Gaudet,
Your letter of 23rd ultimo tendering your resignation as a Director and Officer of this Company and its various subsidiary Companies was placed before the Directors at their last Meeting held on 24th July.

In accordance with the request contained in the last paragraph of your letter, we are enclosing herewith a certified copy of the resolution pertaining to your resignation.

Yours very truly,

20

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED,

J. GIBSON LAWRENCE,
Secretary.

JGL/FH

30 EXTRACT FROM MINUTES OF MEETING OF THE BOARD
OF DIRECTORS OF CANADIAN INDUSTRIAL ALCOHOL
COMPANY LIMITED HELD AT THE HEAD OFFICE OF THE
COMPANY, CANADA CEMENT BUILDING, MONTREAL,
QUE., ON 24th JULY 1929, AT TWELVE O'CLOCK NOON

40 "The Secretary read to the Meeting a letter dated 23rd instant
from Colonel F. M. Gaudet tendering his resignation as a Director
and Officer of this Company and all subsidiary Companies, such resig-
nations to take effect at once. On Motion duly made and seconded
this resignation was accepted."

I, John Gibson Lawrence, Secretary of Canadian Industrial
Alcohol Company Limited, hereby certify that the foregoing is a true
and correct extract from the Minutes of a Meeting of the Board of
Directors of this Company held on 24th July, 1929.

J. GIBSON LAWRENCE.

DEFENDANTS' EXHIBIT D-81

Sale of 2,000 shares of Canadian Industrial Alcohol Company Limited, Capital Stock to Colonel F. M. Gaudet @ \$6.00 per share, on basis of 1,000 on 15th September 1922, in accordance with Memorandum of Agreement dated 6th February, 1926.

Exhibits.
 D-81.
 Particulars
 re purchase
 of 2,000
 shares of
 Alcohol by
 Colonel
 Gaudet,
 1922 to
 1928.

	1927			
	Sept. 15th.....	2,000 shares @ \$6.00.....	\$12,000.00	
10		Less Dividends:		
	1922			
	December.....	25c 1,000 shares	\$ 250.00	
	1923			
	March.....	25c	250.00	
	June.....	25c	250.00	
	September.....	25c	250.00	
	September.....	50c (Bonus)	500.00	
	December.....	37½c	375.00	
20	1924			
	March.....	37½c	375.00	
	June.....	62½c	625.00	
	September.....	62½c	625.00	
	December.....	32c 2,000 shares	640.00	
	1925			
	March.....	32c	640.00	
	June.....	32c	640.00	
30	September.....	32c	640.00	
	December.....	32c	640.00	
	1926			
	March.....	32c	640.00	
	June.....	32c	640.00	
	September.....	32c	640.00	
	December.....	32c	640.00	
	1927			
40	March.....	32c	640.00	
	June.....	32c	640.00	
	September.....	32c	640.00	
	December.....	38c	760.00	
	1928		\$11,940.00	
	January 16th.....	By Cash	60.00	
			<u>\$12,000.00</u>	<u>\$12,000.00</u>

DEFENDANTS' EXHIBIT D-80

Exhibits.
D-80.
Particulars
of sales of
shares of
Alcohol
stock by
Henry
Joseph and
Colonel
Gaudet,
January-
September
1929.

				Price	
				High	Low
	COLONEL F. M. GAUDET		A		
		Balance	2,480 shares		
		Bought 17th June, 1929	380 shares		
			<u>2,860 shares</u>		
		Sold 28th May 1929 McDougall & Cowans	2,000 shares	28½	28
		5th Sept. 1929 Oswald & Drinkwater	860 shares	22½	22
10			<u>2,860 shares</u>		
	HENRY JOSEPH				
		Balance	3,840 shares		
		Sold 14th January 1929 McDougall & Cowans	40 shares	40½	38¼
		24th January 1929 " "	500	41½	40
		4th February 1929 " "	100	45	42
		7th February 1929 Greenshields & Co.	200	42½	40¼
		25th February 1929 " "	1,000	41½	41¼
		26th February 1929 " "	1,000	41¾	41
		27th February 1929 McDougall & Cowans	2,500	42	41½
			<u>2,500</u>		
20		18th March 1929 Kingstone & McKenzie	400	40½	40
		4th April 1929 Greenshields & Co.	300	36½	36
		13th June 1929 McDougall & Cowans	100	28¼	28¼
			<u>3,840 shares</u>		

PLAINTIFFS' EXHIBIT P-125

P-125.
Share
Register of
Canadian
Industrial
Alcohol Co.
—Accounts
of Directors
Joseph,
Gaudet and
Marler,
29th Janu-
ary 1930.

30	COLONEL F. M. GAUDET				
		Balance	2,480 shares		
		Bought 17th June 1929	380 shares		
			<u>2,860 shares</u>		
		Sold 28th May 1929	2,000 shares		
		Sold 5th Sept. 1929	860 shares		
			<u>2,860 shares</u>		
	HENRY JOSEPH:				
		Balance	3,840 shares		
		Sold 14th January 1929	40 shares		
40		24th January 1929	500		
		4th February 1929	100		
		7th February 1929	200		
		25th February 1929	1,000		
		26th February 1929	1,000		
		27th February 1929	200		
		18th March 1929	400		
		4th April 1929	300		
		13th June 1929	100		
			<u>3,840 shares</u>		

Exhibits.

P-125.

Share Register of Canadian Industrial Alcohol Co. —Accounts of Directors, Joseph, Gaudet and Marler, 29th January 1930—*continued.*

HON. H. M. MARLER:			
	Balance	400 shares	
	Sold 28th August	100 shares	
	6th September 1929	200	
	24th September 1929	100	
		400 shares	
Montreal, 29th January, 1930.			

DEFENDANTS' EXHIBIT D-7

10

MONTREAL, July 17, 1929.

Rt. Hon. Lord Shaughnessy,
Canada Cement Building,
Montreal.

My dear Shaughnessy,

I am advised that both Mr. Joseph and Mr. Marler have resigned from the Board of Canadian Industrial Alcohol, and I am, therefore, the only remaining outside Director. This will necessitate a considerable readjustment of your Board, and under the circumstances I think it would be very wise for me to resign also, in order to allow you to reappoint such Board as you may feel like doing.

I may say that I have been considering resigning from your Board for the last eight months, as the increase in my business makes it imperative that I relinquish some of my directorships.

May I take this opportunity of telling you how much I have appreciated our relations together, and to assure you that, notwithstanding the severance of my connections with your Company, if at any time there is anything I can do with any of our friends to foster the interests of your Company, you are at liberty to call upon me.

Sincerely yours,

E. R. DECARY.

ERD-BMR

PLAINTIFFS' EXHIBIT P-113

January 2, 1930.

Messrs. Canadian Industrial Alcohol Coy. Ltd.,
Montreal.

Dear Sirs,

Please accept my resignation from the employ of the Company to take effect Feb'y. 1st, 1930.

This will also serve to tender my resignation both as an officer and Director.

Yours very truly,

A. KELLY.

P-113.
Letter to Canadian Industrial Alcohol Co., Ltd., from A. Kelly, tendering resignation as an officer and director of the Company, 2nd January 1930.

40

PLAINTIFFS' EXHIBIT P-147

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

SHARES HELD BY DIRECTORS

Exhibits.
 P-147.
 Statement
 of shares
 held by
 present
 Directors of
 Canadian
 Industrial
 Alcohol Co.,
 2nd April
 1930.

		VOTING			
	Date of Acquisition	Name	No. of shares	Date of Appt.	
10	December 18th 1929	G. G. Kaestner.....	50	23rd Dec. 1929	
	July 15th 1926	Edward Lauster.....	1	21st Dec. 1926	
	December 26th 1929	A. M. Reaper.....	5	23rd Dec. 1929	
	February 24th 1930	John Stormont, Jr.....	10	26th Feb. 1930	
	November 19th 1928	Fisher Wilmore.....	100	20th Dec. 1927	
	October 22nd 1924	S. G. Turnbull.....	775	23rd Dec. 1929	
CLASS "B"					
	January 26th 1929	G. G. Kaestner.....	20		
	February 22nd 1928	Edward Lauster.....	368		
	January 26th 1929	John Stormont, Jr.....	20		
	January 26th 1929	Fisher Wilmore.....	25		
	March 15th 1928	S. G. Turnbull.....	510		

20 Montreal, 2nd April, 1930.

Exhibit Group No. 30: Canadian Industrial Alcohol Co.—
 Re Depreciation of Market Value of Shares

PLAINTIFFS' EXHIBIT P-190

P-190.
 Letter, Lord
 Shaugh-
 nessy from
 A. R. Young,
 Associated
 Editor of
 Financial
 Times,
 16th July
 1929.

July 16, 1929.

30 The Right Honourable Lord Shaughnessy,
 President, Canadian Industrial Alcohol, Ltd.,
 Canada Cement Building,
 Montreal.

Sir,

40 Last week in view of many letters and telegrams from share-
 holders who express worry at the serious decline in the market value
 of the stock during recent months, I called for an interview with two
 officials of your company in order that I might be able to answer
 these enquiries intelligently.

Both of these officials informed me that you were the only person
 who could talk on the subject of the company's operations, and, as
 you happened to be busy when I telephoned, I asked your secretary
 if he could arrange an appointment for me to see you for a few mi-
 nutes. Your secretary promised to do so, but so far I have received
 no further word.

Exhibits.

P-190.
Letter, Lord
Shaughnessy from
A.R. Young,
Associated
Editor of
Financial
Times,
16th July
1929—*con-
tinued.*

It is understood, of course, that executives of an industrial company may not be concerned in the market for the company's stock. At the same time, when the value of the security is practically cut in half within the space of a few months' time, it appears obvious that there must be some reason for this drastic decline. You will recognize the fact that it is good policy to protect your shareholders and take whatever steps you can to prevent them from disposing of their holdings at such a time.

10 Many rumors have been current recently of a serious decline in the earnings of Industrial Alcohol and the possibilities of a cut in, or discontinuance of, the dividend on the stock. It has never been the policy of The Financial Times to place any great stress on market rumors, but it is obvious that, if information cannot be obtained from the proper source, our only course is to separate the wheat from the chaff in connection with these rumors in order to obtain our news or our sources of advice to enquiring subscribers.

20 We may say that we have advised against the sale of Alcohol all the way down from 35 and under the circumstances believe that you will see that we feel entitled to obtain an authoritative statement of some sort which will be assistance to those shareholders who have to face the present market situation.

Some statement from you to guide us in dealing with this situation would, we believe, be in order.

Yours very truly,

A. R. YOUNG,
Associate Editor,
THE FINANCIAL TIMES.

30

ARY-M.

40

PLAINTIFFS' EXHIBIT P-191

MONTREAL, July 17th, 1929.

Exhibits.

P-191.

Letter to
Emmet Cox,
President of
Financial
Times, from
Lord
Shaugh-
nessy,
17th July
1929.

Emmet Cox, Esq.,
President, Financial Times,
651 Craig St. W.,
Montreal, Que.

Dear Mr. Cox,

10 I am returning to you the enclosed letter which I received to-day from your associate editor, named Young.

I have not been in the habit of receiving letters of this description and if anything can create in my mind a lack of desire to see him or help him in any way, the tone of this letter could best accomplish that result.

It seems to me that if an editor desires an interview he should be taught good manners as an important way to secure it.

Yours very truly,

20

CANADIAN INDUSTRIAL ALCOHOL CO. LIMITED,
SHAUGHNESSY,
President.

PLAINTIFFS' EXHIBIT NO. P-148

(The Montreal Daily Star, Wednesday, July 31, 1929)

30 **SHAUGHNESSY DENIES RUMOR OF RESIGNATION**

P-148.
Clipping
from Mon-
treal Daily
Star headed
"Shaugh-
nessy denies
rumor of re-
signation,"
31st July
1929.

Rt. Hon. Lord Shaughnessy, K.C., president of the Canadian Industrial Alcohol Co., Ltd., informed The Star this morning that good progress is being made with the erection of the new plant in Lindsay, Ontario, for the manufacture of wood alcohol and the by-products and he hopes that operations will commence there in September. His Lordship estimated the cost of the building at a sum in the neighborhood of \$150,000.

40 Relative to rumors of his resignation from the board, Lord Shaughnessy declared that there is not the slightest foundation for them and characterized any such stories as pure fabrications.

Asked regarding similar rumors of the resignation of another member of the board, E. R. Decary, His Lordship replied that nothing had been done yet, but that Mr. Decary may resign eventually owing to pressure of personal business. There is not the least likelihood of any other members resigning, he declared.

Exhibits.

D-104.

Clipping
from
Financial
Times re
Canadian
Industrial
Alcohol Co.,
Ltd.,
20th Sept-
ember 1929.

DEFENDANTS' EXHIBIT D-104

(Clipping from the Financial Times, Montreal, 20th Sept. 1929)

10

ALCOHOL DIVIDEND NOT BEING EARNED

BUSINESS AND PROFITS OFF SHARPLY—LOSING MONEY ON McNISH

20

Canadian Industrial Alcohol has, it is understood from authoritative sources, experienced a sharp falling off in business, both in the export and domestic fields.

Contrary to recent reports that earnings for the current year would approximate if not, exceed, those for the preceding fiscal period, it is stated that the report for the year which closes at the end of this month will fail to show dividend requirements fully earned by the company.

30

The McNish distillery in Scotland, control of which was acquired by Canadian Industrial Alcohol last year has not added in any way to earnings of the parent company. As a matter of fact, it has been operated right along at a loss and has been a drain on the balance sheet of "Alcohol".

Reports persist that the mysterious \$10,000,000, raised by Hiram Walker-Gooderham & Worts through an issue of additional stock early this year, was for the purpose of acquiring control of Canadian Industrial Alcohol, and hopes are still entertained by the big Ontario company that an equitable agreement on terms will still be achieved.

40

For some time past there has been steady selling of the stock and this was accentuated when the retirements of several local directors were announced. More recently it is claimed, that some difficulties have arisen between the company and the Quebec Liquor Commission.

PLAINTIFFS' EXHIBIT NO. P-149

(The Financial Post, Sept. 26, 1929)

Exhibits.

P-149.
Clipping
from Fi-
nancial
Post headed
"Lack of
confidence
is given as
reason for
Alcohol
slump,"
26th Sept-
ember 1929.

LACK OF CONFIDENCE IS GIVEN
AS REASON FOR ALCOHOL SLUMP

10 At Least Three Directors Have Resigned from Board

QUIT LAST SUMMER

20 E. R. Decary, Col. F. M. Gaudet and Henry Joseph No Longer Are
Directors of Company

(From Our Own Correspondent)

30 MONTREAL.—“ I attribute the drop in the price of Canadian
Industrial Alcohol Co. shares, to a lack of confidence in the adminis-
tration,” said Henry Joseph, former director of the company, to
“ The Financial Post ” this week. H. Joseph, resigned from the
board of Industrial Alcohol last June, and has not been connected
with the corporation since that time.

40 It was also learned this week, contrary to the impression that
has been created that at least two other directors, E. R. Decary and
Colonel F. M. Gaudet, have also resigned from the board. Decary's
resignation was made four or five months ago, it is understood,
while Col. Gaudet resigned in July. Only a short time ago, a state-
ment was credited to an official of the company, to the effect that
nothing had been done yet as to the resignation of Decary, but that
owing to pressure of business, he might eventually resign from the
board. It was also stated at the time that there was not the least
likelihood of any other members of the board resigning.

Marketwise, the company's shares have recovered somewhat
from the heavy slump of last week following Lord Shaughnessy's
statement issued by wire from the West to the effect that: “ The
company is in a strong financial position and the monthly earnings
are satisfactory in every respect and that the dividend is being well
maintained and there is no cause for the slightest apprehension.”

NEW ALL TIME LOW

The stock, however, from a high for the year of 47, dropped to a new all-time low of $15\frac{3}{4}$, which culminates a general decline in its price that has been going on for some time in spite of emphatic statements such as the one quoted above, that the company's affairs are in good shape.

10 Undoubtedly a fundamental factor behind the decline, has been the lack of public confidence in the distillery situation. This was brought to a head when government operations at Windsor, curtailed for two or three months, the bootlegging activities of the rum-runners, which was, of course, reflected in the sales of the distillers, most of whom, are indirectly, materially interested in the export of liquor to the United States.

NO BUYERS APPEAR

20 This would account for the fact that there has been virtually no buying of any account in the liquor stocks, and that therefore as soon as there is any liquidation on the part of holders, the price of the shares react accordingly. That there has been more than usual liquidation in Alcohol, however, is apparent from the fact that during the year the company's shares have depreciated in value 67 per cent as against a depreciation of approximately 46 and 43 per cent respectively in the shares of the other two big Canadian distilleries in which there is public investment interest.

EARNINGS ARE BETTER

30 At the present time, the management states definitely that earnings are on the upgrade, and the showing of the company during July, August and September have been sufficient to make up to a considerable degree for the loss in revenue earlier in the year, so that the company's statement for the year ending September 30 next will be substantially ahead of earlier estimates and will be more than ample for dividend requirements.

40 It is known, however, that the company has not been successful in making its Robert McNish subsidiary profitable. This is a Scotch concern and was acquired in 1927. The parent company guarantees the \$5,000,000 of 6 per cent debentures of that organization which are outstanding.

However, the company would have to experience a very drastic cut in earning power seriously to jeopardize its position. Last year after paying dividend requirements, the company had a surplus of \$1,500,000 to the good. Then, too, the company's two main assets, consisting of a \$5,000,000 plant and 10,000 gallons of maturing

Exhibits.

P-149.
Clipping
from Fi-
nancial
Post, headed
"Lack of
confidence
is given as
reason for
Alcohol
slump,"
26th Sept-
ember 1929
—continued.

Exhibits.
—
P-149.
Clipping
from Fi-
nancial
Post, headed
" Lack of
confidence
is given as
reason for
Alcohol
slump,"
26th Sept-
ember 1929
—continued.

spirits, which have a sale value of at least \$40,000,000 are sufficient to give an equity to the shares of substantially more than the present market value.

DISSATISFACTION MAY BE GENERAL

10 Just how far this dissatisfaction on the part of the directors, to the administration of the company, will go, is however, an important point to be considered. The criticism is apparently not levelled against the company's position as regards physical assets and plant, but against the broader policies of those administering the company's affairs. It is thought for instance that the company should adopt a much more active and vigorous attitude toward developing its industrial alcohol business, rather than the beverage lines. A step in this direction was made a month or so ago with the establishment of a small plant at Lindsay, Ont., for the purpose of wood alcohol and by-products.

20 Another point which must be taken into consideration in connection with Canadian Industrial Alcohol is the fact that for some time now the stock has lacked definite sponsorship. Up to the time of Sir Mortimer Davis' death, a local investment house was actively interested in the stock but this is not now the case, which would account in part for the fact that at a time such as this there has been apparently no one in the market to offer buying resistance to offset liquidation.

STATEMENT MAY COME

30 The recent low price level would seem to indicate that any lack of confidence in the company's administration, has been pretty well discounted by the stock market, and with the return of Lord Shaughnessy to Montreal in the near future, some statement may be forthcoming which will indicate definitely how things stand in this regard. If there is still lack of confidence it would of course have an important bearing on the company's position.

DEFENDANTS' EXHIBIT D-92

40 (Clipping from Toronto Mail and Empire, September 26th, 1929
FUTURE LOOKS BRIGHTER FOR INDUSTRIAL STOCK

DIVIDEND REQUIREMENTS ON " A " AND " B " STOCKS SEEM TO HAVE BEEN EARNED WITH A SUBSTANTIAL CARRY-OVER

Canadian Industrial Alcohol will close its current fiscal year on Monday next and so far as can be learned from well-posted sources

D-92.
Clipping
from
Toronto
Mail and
Empire re
Canadian
Industrial
Alcohol Co.,
Ltd.,
26th Sept-
ember 1929.

it will earn its dividend requirements of \$1.52 per share on both the A and B stock, 969,480 and 123,186 shares respectively, and still have a sum of some size to carry forward to the profit and loss account.

10 The recent statement of President Shaughnessy substantiates this opinion and while it is generally admitted that last year's record of \$2.98 per share will hardly be equalled, it is believed that net per share profits will not fall below the \$2 mark. Last year's showing was the best reported by the company since its formation in 1924. Conditions in the distillery industry during the first six months of this year were not at all favorable for large earnings.

There has been much talk in the past few months regarding Industrial Alcohol. The most common was that the company had lost a lot of business and that it would not earn dividend requirements. The effect of this adverse comment has been felt in the market, where quotations have been forced down to present levels of 18, compared with the year's high of 47. At \$18, the stock shows a market yield of 8.45 per cent.

LONDON WAS SELLING

20 It is true that for a time Alcohol's volume of sales was off, although this was common in the industry. The cause was traced to general unsettlement following reports that the Dominion government might put up prohibitive barriers on export business. These difficulties would now appear to have been ironed out. The decline in the stock was also due in a large measure to the selling of a big block of shares in London, belonging to the estate of the late Sir Mortimer Davis. This block hung over the market for weeks and while it was fed out slowly to purchasers, absorption was not easy with the general adversities then surrounding the business.

30 Toward the latter part of July, business with the alcohol companies began to move forward and during August sales reached a more satisfactory rate. Indications are that September will be an equally good month for Industrial Alcohol and the balance of the year is expected to bring forth a good quantity of business. The let-up in mid-summer months affected earnings, but the improvement since July assures that the company will make a satisfactory financial showing for the fiscal year.

40 HAS SHOWN PROGRESS

Earnings have shown a steady increase year by year. They were \$3,136,680 in 1928, against \$2,413,995 in 1927 and \$2,109,852 in 1926. The company is in an exceptionally strong liquid condition, with working capital of \$7,699,300. Current assets are about eight times current liabilities. The net cash position of the company alone shows an equity behind the outstanding stock equal to \$7 per share. In

Exhibits.
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D-92.
Clipping
from
Toronto
Mail and
Empire re
Canadian
Industrial
Alcohol Co.,
Ltd.,
26th Sept-
ember 1929
—continued.

Exhibits.

D-92.
Clipping
from
Toronto
Mail and
Empire re
Canadian
Industrial
Alcohol Co.,
Ltd.,
26th Sept-
ember 1929
—continued.

addition, there is a very concrete asset behind the shares in the shape of the huge reserve of alcohol amounting to 10,000,000 gallons. At current market levels this alcohol is worth \$35,000,000 to \$40,000,000, or equivalent to more than \$35 a share on the capital stock.

As further evidence of the company's sound internal position may be cited its advancement into the field of chemical research and production. The company now has a plant in active operation for the manufacture of 99 degrees overproof alcohol for industrial purposes, such as lacquers. Two American companies now supply the entire Canadian demand. It is not, at present, a large demand, but there is money in it, and in time it should augment and diversify earnings very appreciably.

PLAINTIFFS' EXHIBIT P-150

(The Financial Times, Montreal, Friday, September 27th, 1929)

P-150.
Clipping
from Fi-
nancial
Times,
headed
"Slump in
Alcohol
reflection of
lost con-
fidence in
manage-
ment,"
27th Sept-
ember 1929.

20 SLUMP IN ALCOHOL REFLECTION OF LOST CONFIDENCE
IN MANAGEMENT

The publication of the following in The Financial Times is requested by Canadian Industrial Alcohol:

30 "The following telegram from Vancouver from Lord Shaughnessy, president of the Canadian Industrial Alcohol Company, Limited, is communicated to you:

"The unwarranted liquidation of the stock of this company is most surprising in view of the fact that the company is in a strong financial position and the monthly earnings very satisfactory in every respect. I hope that false and inspired rumors with ulterior motives will not cause shareholders to sacrifice their stock at a loss. The dividend is being well maintained and there is no cause for the slightest apprehension."

40 "It will be appreciated if you will kindly have the above published in the financial columns of your paper."

In his communication Lord Shaughnessy has evidently missed the real point of the situation. If he were even casually in touch with the local Street he would readily encounter the opinion that the setback in the securities of Canadian Industrial Alcohol Company has been due in large measure to the fact that such a considerable num-

Exhibits.

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P-150.
Clipping
from Fi-
nancial
Times,
headed
" Slump in
Alcohol
reflection of
lost con-
fidence in
manage-
ment,"
27th Sept-
ember 1929
—continued.

ber of the shareholders have lost confidence in Lord Shaughnessy and his administration of the Alcohol Company. For months past there has been steady liquidation, and shareholders have been taking their losses in the hope that it might be much easier to make them up in other securities. During all this period it has been evident that if renewed confidence is to be placed in the securities of the company there will have to be a greatly strengthened board of directors and more efficient management.

10 Owing to the comparatively low prices at which the securities have been selling since the last split-up in the stock a great many investors of moderate means have bought into the securities of the company; they can ill afford to sustain the severe losses they have had to take.

When Lord Shaughnessy says there is no cause for the slightest apprehension he unfortunately does not realize why so many shareholders are so seriously apprehensive regarding their holdings in Canadian Industrial Alcohol.

20

PLAINTIFFS' EXHIBIT P-151

(Financial Post, October 3rd, 1929)

SHAUGHNESSY NOW RUNNING C.I.A. ALONE

All Other Shareholder Directors Have Resigned

30

HERBERT MARLER OFF

No Explanation Given Why Resignation Has Not Been
Announced Before

(From Our Own Correspondent)

40 MONTREAL.—Hon. H. M. Marler has resigned from the board of Canadian Industrial Alcohol, according to information received by " The Financial Post " this week. This makes the fourth director to have resigned from that corporation within the past four months and means that there is virtually no shareholder representation on the board outside of Lord Shaughnessy, the president, who controls the company. The remaining members of the board are all employees of the corporation.

P-151.
Clipping
from Fi-
nancial
Post headed
" Shaugh-
nessy now
running
C.I.A.
alone,"
3rd October
1929.

Lord Shaughnessy has not yet returned from his Western trip as a director of the Canadian Pacific Railway and accordingly no official statement is available to account for the resignation of the four Montreal citizens who were members of the board until June and July of this year.

As pointed out in "The Financial Post" last week, when the resignation of Col. F. M. Gaudet, E. R. Decary and Henry Joseph was announced, the recent slump in Alcohol's shares has been attributed by one of the ex-directors to a lack of confidence in the administration.

In the meantime, conjecture centres around the showing that the company will make during the fiscal year ended September 30th. The report does not usually appear until November or December—last year it appeared on November 30.

SITUATION HAS IMPROVED

It is known, however, that the company would not have been able to make a good showing if it had not been for the improved business in the past two months. The company's sales increased considerably during the last two months of the fiscal year which offset losses sustained earlier in the year through a dropping off in export sales, in which the company is vitally, though indirectly interested.

On the other hand it is learned that this year the company will drop \$500,000 on its McNish business. That is nothing new, as it is understood that this is the sum that was dropped last year by this subsidiary, which was acquired in September, 1927.

ANOTHER \$500,000 GONE

Another item that is also to be met this year which is over and above ordinary expenses is a sum of \$500,000 on account of tax arrears, and which is payable to the Dominion Government. It is also understood that approximately this amount will have to be paid out by Alcohol for the next two or three years in order to make up for past dues which the Government is now collecting. The other distilling companies have also had to meet this charge.

Marketwise, the company's shares have strengthened somewhat following the emphatic statement of Lord Shaughnessy, indicating that in all probability the liquidation that has been going on for some months has ceased for the time being at least.

As pointed out last week in "The Financial Post" the company's two main assets alone are worth much more than the book value placed on the company's shares at the present time and the company would have to have a very drastic cut in earning power to materially weaken its position.

Exhibits.
P-151.
Clipping
from Fi-
nancial
Post, headed
"Shaugh-
nessy now
running
C.I.A.
alone," 11th
October
1929—con-
tinued.

Exhibits.

D-105.

Clipping
from
Financial
Times re
Canadian
Industrial
Alcohol Co.,
Ltd.,
4th October
1929.

DEFENDANTS' EXHIBIT D-105

(Clipping from The Financial Times, Montreal, 4th October, 1929)

CANADIAN INDUSTRIAL ALCOHOL

10 Referring to your issue of September 30th, I noted that you state in an article that the dividend on Canadian Industrial Alcohol is not being earned.

Later advice received on Monday contained a statement by Lord Shaughnessy to the effect that the Canadian Industrial Alcohol dividend is being maintained and that there is no cause for apprehension."

20 Would you be good enough to explain the latter? Does the word "maintained" mean that the dividends are being earned and that you are in error? I would appreciate a thorough discussion of this subject in your columns.—"J. P."

30 The statement wired by Lord Shaughnessy from Vancouver would seem to be a direct contradiction to the statement which appeared in The Financial Times that the company was not earning its dividend. This statement, however, is quite in keeping with the recent policy of the Alcohol management, in that it gives little real information to shareholders. You will notice that in his statement Lord Shaughnessy says the dividend is being "well maintained." Even a cursory glance through the balance sheet, which shows the company very strong both in surplus and working capital position, would indicate that the dividend could be paid even if not fully earned for some considerable time.

40 It seems unfortunate that shareholders, many of whom have purchased this stock at levels more than 100% higher than those now prevailing, should be forced to sell at a heavy loss due to the fact that no worthwhile information can be obtained on the operations of the company. This situation taken in conjunction with the recent resignation from the board of three very substantial directors would apparently indicate that the public in general has lost faith in the management and that there is little hope for any worthwhile market improvement in the near future. Influential market sponsorship is obviously lacking.

DEFENDANTS' EXHIBIT D-93

(Clipping from Toronto Mail and Empire, October 9th, 1929)

Exhibits.

D-93.

Clipping
from
Toronto
Mail and
Empire *re*
Canadian
Industrial
Alcohol Co.,
Ltd.,
9th October
1929.

REPLIES TO CRITICS INDUSTRIAL ALCOHOL

Those Who Circulate "Unfriendly Rumors" Scored by
Lord Shaughnessy

10

POLICIES UNCHANGED

Same Executives at Helm as in Past Two Years—Explains
Resignations

20 Special to The Mail and Empire.

Montreal, Oct. 8.—In answer to widespread rumors touching on the Canadian Industrial Alcohol Co., the president, Hon. Lord Shaughnessy, today issued the following statement, in part, to The Mail and Empire:

30 "Constructive criticism from whatever source is always acceptable and entitled to sincere consideration, but criticism based upon personal antagonism, vindictiveness, or any other like motive can only be treated with the contempt which it deserves. I will not, therefore, attempt to discuss the articles which have appeared in certain papers concerning the Canadian Industrial Alcohol Co., Ltd., and its administration inasmuch as the criticism therein contained is so general in its terms and so ludicrous that, in my opinion, it cannot be taken too seriously.

"In June of this year, Henry Joseph, a director of the company practically since its incorporation, wrote me resigning from the board and giving as a reason for such action that he was retiring from active business and intended to travel extensively and would not, therefore, be able to fulfil to his satisfaction his duties as a director.

40 "The Hon. Mr. Marler, when appointed Canadian minister to Japan, offered his resignation inasmuch as he expected to be absent from Canada for an indefinite period.

"For some period there only have been on the board of this company three not directly connected with the company in some executive capacity, and in view of the resignation of Mr. Joseph and the Hon. Mr. Marler, Mr. Decary wrote me intimating his desire to

Exhibits.

D-93.

Clipping
from
Toronto
Mail and
Empire re
Canadian
Industrial
Alcohol Co.,
Ltd.,
9th October
1929—con-
tinued.

leave the directors free to reconstitute the board in their best judgment and tendering his resignation for that purpose.

“ I would like to take this opportunity of repeating that not one of these directors, either at a meeting or privately, intimated in any way his dissatisfaction with the policies or administration of the company.

10 “ The executive officials guiding the destiny of this company are the same who guided it during the past two years when profits of \$2,413,996 and \$3,136,680, respectively, were made and the policies of the company pursued now are the same as were pursued then.

“ The annual report will be published within the next few months, when it is hoped that the shareholders will realize that it is far better to act upon stated facts from an authoritative source rather than upon unfriendly rumors.”

20

DEFENDANTS' EXHIBIT D-95

(Clipping from Financial Post, 10th October, 1929)

DIRECTORS WHO QUIT INDUSTRIAL ALCOHOL
QUIET IF DISCONTENT

Baron Shaughnessy, President, Explains Resignation from Board

30

EARNINGS MAY DROP

But No Blame Can Attach, It Is Claimed, to Management for
Present Conditions

(From Our Own Correspondent)

40

MONTREAL.—“ None of the ex-directors of Canadian Industrial Alcohol ever intimated, either at a meeting or privately, their dissatisfaction with the policies or administration of the company,” according to a statement given to “ The Financial Post ” this week by Baron Shaughnessy, president of the company.

The statement was made to “ The Post ” as the result of a query as to why no information had been given out regarding the resignation of four directors of the company last summer.

Lord Shaughnessy dealt with the four resignations one by one and pointed out the reasons why each individual had retired from the board. He also confirmed the statement made in "The Financial Post" last week, to the effect that there were at the present time no other directors on the board except himself and employees of the company.

LITTLE ABOUT EARNINGS

10 In regard to earnings, Lord Shaughnessy declined to depart from the practice of former years and make any statement prior to the publication of the annual report. He did, however, state that if earnings were slightly less than in either 1927 or 1928, it was because of changed conditions in the industry and not through any lack of initiative or effort on the part of the administration. In 1928 the company earned \$3,136,680 and in 1927, \$2,413,996.

20 "Henry Joseph," said Lord Shaughnessy, "has been a director of the company practically since its incorporation and has never, to my knowledge, at any directors' meetings, evidenced his disagreement with the policies or administration of the company."

JOSEPH SOLD HOLDINGS

30 "During my absence abroad last May, I was informed that without consultation with me or other members of the board, Joseph had sold substantially all his shares in the company at a time when the sale of such shares by a director of the company possessing intimate knowledge of its operations, through having access to its monthly statements presented to the board, and of which, I may say, the public was not aware, worked incalculable harm to the value of the company's securities on the market.

40 "On my return in June Mr. Joseph wrote me resigning as director and giving as a reason for such action that he was retiring from active business and intended to travel extensively and would not therefore be able to fulfil to his satisfaction his duties as director. There was no suggestion in this letter to the effect that he disagreed with the policies of the company, nor that he had lost confidence in its management, consequently the interview (referring to an interview between Henry Joseph and "The Financial Post," which appeared on Sept. 26) came as a complete surprise.

MARLER TO JAPAN

"The Hon. Mr. Marler, when appointed Canadian minister to Japan, offered his resignation inasmuch as he expected to be absent from Canada for an indefinite period, but at the same time he offered to remain on the board if his services were required, and I am happy to say that Mr. Marler severed his connection with the company

Exhibits.

D-95.

Clipping
from
Financial
Post *re*
Canadian
Industrial
Alcohol Co.,
Ltd.,
10th Octo-
ber 1929—
continued.

upon the distinct understanding that should he return to Canada in the near future he would, if invited, be glad again to join the board.

10 “ For some period there have only been on the board of this company, which consists of ten members, three not directly connected with the company in some executive capacity, and in view of the resignation of Mr. Joseph and the Hon. Mr. Marler, E. R. Decary wrote me intimating his desire to leave the directors free to reconstitute the board in their best judgment and tendering his resignation for that purpose.

“ The resignation of Colonel Gaudet was requested.

“ I would like to take this opportunity of repeating that not one of these directors, either at a meeting or privately, intimated in any way his dissatisfaction with the policies or administration of the company.

PROFITS MAY BE LOWER

20 “ The executive officials guiding the destiny of this company are the same as those who guided it during the past two years when profits of \$2,413,996 and \$3,136,680 were made, and the policies of the company pursued now are the same as were pursued then, when, significantly, there seemed to be no cause for complaint. And should the profits this year be slightly less than those in the previous years referred to, such a situation can only be attributed to changed conditions and not, in any respect, to lack of initiative or effort on the part of the administration.

30 “ The annual report will be published within the next few months, when it is to be hoped that the shareholders will realize that it is far better to act upon stated facts from an authoritative source, rather than upon unfriendly rumors without foundation, spread by competitors, or people on the ‘ short ’ side of the market, and printed without verification.”

PLAINTIFFS' EXHIBIT NO. P-152

(Financial Times, 11 October, 1929.)

40 LORD SHAUGHNESSY IN STATEMENT
AVOIDS SOME IMPORTANT POINTS

In connection with the affairs of the Canadian Industrial Alcohol Company, the president, Lord Shaughnessy, has issued a statement, declaring that “ while constructive criticism is entitled to considera-

P-152.
Clipping
from Fi-
nancial
Times,
headed
“ Lord
Shaugh-
nessy in
statement
avoids some
important
points,”
11th Octo-
ber 1929.

tion, criticism based upon personal antagonism, vindictiveness or other like motive can only be treated with the contempt which it deserves ". He does not, therefore, propose to discuss the articles which have appeared in certain papers concerning the company and its administration, " inasmuch as the criticism therein contained is so general and so ludicrous that in his opinion it cannot be taken seriously ".

Continuing, Lord Shaughnessy goes on to practically admit that
10 the criticism which has been offered is founded on fact, for he states that Henry Joseph, Hon. Herbert Marler and E. R. Decary have resigned as directors, the latter giving as an explanation his desire to leave the directors free to reconstruct the board in their best judgment. Lord Shaughnessy also states that for " some period there have only been on the board of the company, which consists of ten members, three not directly connected with the company in some executive capacity ".

In connection with these resignations Lord Shaughnessy says
20 that not one of these directors, either at a meeting or privately, intimated in any way his dissatisfaction with the policies or administration of the company. It is quite evident then that these directors have not made to Lord Shaughnessy statements they have made to others in regard to the company's affairs—and that is perhaps not surprising.

The important thing about Lord Shaughnessy's statement, however, is that he does not answer the main point which has been raised, that the dividend being paid by the company on the common shares
30 is not being earned. In a statement at Vancouver he said that " the dividend was being well maintained ". But what was meant by this ambiguous statement? If it meant that the dividend is being paid, it was unnecessary, because that is evident. If it meant that it is actually being earned he should have been more explicit on that point, because there have been reports to the contrary from sources which cannot be disregarded.

As to the substance and tone of Lord Shaughnessy's statement
40 it is unfortunate that he should place any such construction on the cooperative attitude of the leading financial papers of the country. Many hundreds of small investors for months past have been greatly concerned about their investment in the shares of the company, and at different times Lord Shaughnessy has been requested to give such information as might help them to better work out their problems in a trying market situation. Right along it has been the endeavour of the papers to be of as great help to the company as to the shareholders themselves.

Exhibits.

P-152.
Clipping
from Financial
Times,
headed
" Lord
Shaughnessy in
statement
avoids some
important
points,"
11th October
1929—
continued.

DEFENDANTS' EXHIBIT D-94

Exhibits.

(Clipping from the Financial Times, Montreal, October 11th, 1929)

D-94.
Clipping
from
Financial
Times re
Canadian
Industrial
Alcohol Co.,
Ltd.,
11th Octo-
ber 1929.

ALCOHOL AFFAIRS ARE DEALT

WITH BY LORD SHAUGHNESSY

10 Says Changed Conditions Are Affecting Operations of Company

DIRECTORS NOT CRITICAL

20 Rt. Hon. Lord Shaughnessy took exception to the rumors circulated in connection with the affairs of the Canadian Industrial Alcohol Company recently, and in his official capacity as president issued the following reassuring statement:

30 " Constructive criticism from whatever source is always acceptable and entitled to sincere consideration, but criticism based upon personal antagonism, vindictiveness, or any other like motive can only be treated with the contempt which it deserves. I will not, therefore, attempt to discuss the articles which have appeared in certain papers concerning the Canadian Industrial Alcohol Co. Limited and its administration, inasmuch as the criticism therein contained is so general and ludicrous that, in my opinion, it cannot be taken seriously.

40 " In June of this year, Henry Joseph, a director of the company since its incorporation, wrote me resigning from the board and giving as a reason for such action that he was retiring from active business and intended to travel extensively and would not, therefore, be able to fulfil to his satisfaction his duties as a director. There was no suggestion contained in this letter to the effect that he disagreed with the policies of the company nor that he had lost confidence in its management.

" The Hon. Mr. Marler, when appointed Canadian Minister to Japan, offered his resignation inasmuch as he expected to be absent from Canada for an indefinite period, but at the same time offered to remain on the board if his services were required and I am happy to say that Mr. Marler severed his connection with the company upon the distinct understanding that should he return to Canada in the near future he would, if invited, be glad to again join the board.

Exhibits.
D-94.
Clipping
from
Financial
Times re
Canadian
Industrial
Alcohol Co.,
Ltd.,
11th Octo-
ber 1929—
continued.

“ For some period there have only been on the board of this company which consists of ten members, three not directly connected with the company in an executive capacity and in view of the resignation of Mr. Joseph and the Hon. Mr. Marler, Mr. Decary wrote me intimating his desire to leave the directors free to reconstitute the board in their best judgment and tendering his resignation for the purpose.

10 “ I would like to take this opportunity of repeating that not one of these directors, either at a meeting or privately, intimated in any way his dissatisfaction with the policies or administration of the company.

20 “ The executive officials guiding the destiny of this company are the same as those who guided it during the past two years when profits of \$2,413,996 and \$3,136,680, respectively, were made and the policies of the company pursued now are the same as were pursued then when, significantly, there seemed to be no cause for complaint and should the profits this year be slightly less than those in the previous years referred to, such situation can only be attributed to changed conditions and not, in any respect, to lack of initiative or effort on the part of the administration.

“ The annual report will be published within the next few months, when it is hoped that the shareholders will realize that it is far better to act upon stated facts from an authoritative source rather than upon unfriendly rumors”.

30

PLAINTIFFS' EXHIBIT P-155

(Saturday Night—“ The Paper Worth While ”—November 2, 1929)

P-155.
Clipping
from
Toronto
Saturday
Night
(Photo
Hon. H. M.
Marler),
2nd Nov-
ember 1929.

(Photo)

40

HON. HERBERT M. MARLER

Canadian Minister to Japan, whose resignation from the Board of Canadian Industrial Alcohol was recently announced. Mr. Marler is the fourth director of that company to sever his connection within a comparatively brief period.

DEFENDANTS' EXHIBIT D-97

(Clipping from London Daily Mail, 12th November, 1929)

AMERICANS AND CANADIANS

By "LONDON FINANCIER"

Exhibits.
D-97.
Clipping
from
London
Daily Mail
re Canadian
Industrial
Alcohol Co.,
Ltd.,
12th Nov-
ember 1929.

10 Lord Shaughnessy, chairman of the Canadian Industrial Alcohol Company, has come out with an explanation of the resignation of the four directors which has mystified shareholders and depressed the price of the stock.

\$ \$ \$ \$ \$ \$ \$ \$

20 "Henry Joseph," said Lord Shaughnessy, in a statement given out in Montreal, "has been a director of the company practically since its incorporation, and has never to my knowledge at any directors' meeting evidenced his disagreement with the policies or administration of the company.

"But during my absence abroad last May I was informed that without consultation with me or other members of the board Joseph had sold substantially all his shares at a time when the sale of such shares by a director possessing intimate knowledge of its operations through having access to its monthly statements, worked incalculable harm to the company's securities on the market. On my return in June Mr. Joseph wrote me resigning as director. . . . The resignation of Colonel Gaudet was requested.

30 ". . . The Hon. Mr. Marler, when appointed Canadian Minister to Japan, offered his resignation, but I am happy to say, on the distinct understanding that should he return to Canada in the near future he would, if invited, be glad again to join the board. . . . In view of the other resignations, Mr. E. R. Decary wrote me intimating his desire to leave the remaining directors free to reconstitute the board in their best judgment, and tendering his resignation for that purpose."

\$ \$ \$ \$ \$ \$ \$ \$

40 As to current earnings, the baron said "Should the profits this year be slightly less than in 1928 (\$3,136,680) or in 1927 (\$2,413,996) such a situation can only be attributed to passing conditions and not, in any respect, to lack of initiative or effort on the part of the administration."

"The annual report will be published within the next few months, when it is hoped that shareholders will realise that it is

Exhibits.

D-97.

Clipping from London Daily Mail re Canadian Industrial Alcohol Co., Ltd., 12th November 1929 —continued.

better to act upon stated facts from an authoritative source rather than upon unfriendly rumours without foundation, spread by competitors or by people on the 'short' side of the market."

10 He has always insisted, as I have mentioned before, that earnings this year would cover dividend requirements. The regular dividend of \$1.28 on "A" and "B" would require \$1,398,612, and last year's bonus of 28 cents a share would require \$306,946, a total of \$1,705,558. The company might omit the bonus, but the regular dividend seems to me safe and the yield at current levels very attractive.

\$ \$ \$ \$ \$ \$ \$ \$

We now know the main factors responsible for the decline of the shares. No shares can stand up against heavy selling by an "insider." Tomorrow I'll discuss that problem more fully.

20

DEFENDANTS' EXHIBIT D-98

(Clipping from London Daily Mail, 13th November, 1929)

D-98. Clipping from London Daily Mail re Canadian Industrial Alcohol Co., Ltd., 13th November 1929.

AMERICANS AND CANADIANS

By "LONDON FINANCIER"

30 Last May, when the shares of Canadian Industrial Alcohol stood at 36, one of the directors of the company, aware that sales were declining (they have since improved), sold "substantially all his shares," according to the chairman of the company, "at a time when the sale of such shares by a director . . . worked incalculable harm to the securities of the company."

The bear drive initiated by that director has forced the shares down to 13.

\$ \$ \$ \$ \$ \$ \$ \$

40 For some months there have been discussions in Canada of a probable merger of all four of the leading distillers—Hiram Walker with an annual production capacity of 11,000,000 gallons, Canadian Industrial Alcohol with 7,000,000, Distillers-Seagram with 5,000,000, and Dominion Distillers with 2,000,000.

Such a merger, by reducing competition, would improve conditions and earnings of all, but throughout the discussion of terms, Canadian Industrial Alcohol has naturally been handicapped by the plight of its shares.

Exhibits.

D-98.
Clipping
from
London
Daily Mail
re Canadian
Industrial
Alcohol Co.,
Ltd.,
13th Nov-
ember 1929
—continued.

If my information is correct it very early withdrew from the discussions.

\$ \$ \$ \$ \$ \$ \$ \$

At present shareholders have no protection against that sort of betrayal by a director. But some day they will.

10 A leading writer on American company law predicts that within the next 20 years “bear raids on the Stock Exchange by certain stockholders to the detriment of others will be considered illegal.” In that happy event an action for damages will lie. Company law is in a transition stage. Originally a corporation—in the North American use of the word—was a “mystic entity” which derived its existence from an Act of the Crown or the State. Not only did it have, as Coke put it, “no body to be kicked and no soul to be damned,” but furthermore the State’s only interest in it was to see that it did not offend against the State, and did not abuse the special privileges granted it by charters.

\$ \$ \$ \$ \$ \$ \$ \$

20 But now that any group of men with the slightest formality can incorporate themselves and become a company this “mystic entity” theory becomes a little inadequate. For one thing, it is silent as to the rights and duties of the incorporators or shareholders as between themselves.

30 For that reason the American courts and American Legislatures are sliding away from that old concept of the corporation, and are adopting the “Continental” or “contract” theory that a corporation is essentially an undertaking of joint partners with mutual liabilities. An old Massachusetts decision, dating back to 1807, that an issue of new shares must be offered to all shareholders in proportion to their holdings has been in the United States the thin edge of the wedge. Under the new doctrine directors in particular tend to become trustees for the shareholders.

The transition is quickened whenever shareholders, let down by one of their directors, kick up a vigorous row!

DEFENDANTS' EXHIBIT D-100

(Financial Service, 214 St. James Street, Montreal, P.Q.,
Thursday, Nov. 28th, 1929)

CANADIAN INDUSTRIAL ALCOHOL
UNDERVALUED AT CURRENT LEVELS

Exhibits.
D-100.
Bulletin,
Financial
Service, re
Canadian
Industrial
Alcohol Co.,
Ltd.,
28th Nov-
ember 1929.

- 10 The securities of practically all of the Canadian distillery companies have been entirely neglected the past year or so and Canadian Industrial Alcohol has been no exception. The main reason for the decline in the issue has been the fact that rumours have been promulgated from time to time that the company was experiencing difficult times and that earnings were away below dividend requirements. These rumours, coupled with the general market weakness, resulted in the stock breaking to \$5 a share in the market crash, although this price only came out for a few minutes, probably a forced sale and no buyers on the " floor ". The President of the
- 20 Company, in view of the concentrated efforts that were apparently being made to " bear " his stock, issued an official statement some time ago to the effect that the earnings for the year ended September 30th, last, were sufficient to take care of all charges and dividend requirements and leave a small surplus over. In view of the rather unfavorable conditions prevailing in the distillery industry in Canada the past year or so, such a showing can be regarded as highly satisfactory; the stock has since recovered about 9 points from its low.
- 30 There are a number of outstanding reasons why " Alcohol " is attractive. The Company has never been dependent to any large extent on the export trade and the efforts that have been made by the American Government to stop the income of liquor into that country, whilst bound to affect the company's earnings to some extent are not of sufficient importance to warrant the nervousness by shareholders that has been in evidence.

40 Due to the fact that American and Canadian authorities met in Ottawa a few months ago to work out a scheme that would prevent smuggling, the opinion got around that the Dominion Government might ban the export of liquor. There is little likelihood of this, as the export duties run into a great many millions of dollars which the Government would lose if any such restriction came into play and this would make it impossible for the Government to easily reduce either the income or the sales tax. It is hardly likely that any Government party would take a step which would be so costly to Canada purely for the benefit of the United States wet enthusiasts.

Events so far have conclusively proven that it is a practical and physical impossibility for the United States to stop the running of liquor across the border.

Should the United States go wet, which does not appear probable for many years, it would be beneficial to Canadian Industrial Alcohol and other distillery companies for several distinct reasons. First, it would take several years for American companies to build up any supply of matured alcohol and in fact, the Canadian companies would be taxed to the utmost to meet the demand which, of course, would be reflected heavily in earnings. In the second place, Canadian Industrial Alcohol has secured the sole agency for this continent of a considerable number of world-wide brands and in the event of the United States going wet, the agency end of their business would undoubtedly receive a very large and probably lasting expansion.

The decline in the price of "Alcohol" has resulted in criticism being levelled at the management. The death of Sir Mortimer Davis has made no difference to the management, as he took no practical hand for some years prior to his death, Lord Shaughnessy being in complete charge. Whilst Lord Shaughnessy has not had a great many years' experience in the liquor industry, he is a clever and capable executive with a wide knowledge of commercial and financial matters and has the happy faculty of surrounding himself with exceptionally capable men on whose shoulders rests the practical management of the various departments of the business under their charge. There has been no change in management since 1928 when record earnings were reported, and it is the same today as then, the three vice-presidents of the company being outstanding men of many years' practical experience in the distillery business.

Canadian Industrial Alcohol has been linked up in mergers by the "Street" with practically every distillery company in Canada, but Financial Service can definitely state that the "Alcohol" management has given no consideration to such a development due simply to the fact that they have not been approached in such a connection.

The annual statement of the company for the year ending September 30th, 1929, will be published very shortly, and, as already stated, whilst earnings are not as large as the record showing of 1928, will make satisfactory reading and will show the dividend requirements earned with a comfortable margin to spare.

PLAINTIFFS' EXHIBIT NO. P-154

(Hamilton Spectator, Dec. 3, 1929.)

CANADIAN INDUSTRIAL ALCOHOL CO., LTD.

Exhibits.

P-154.

Clipping
from
Hamilton
Spectator,
headed
"Canadian
Industrial
Alcohol Co.,
Ltd.,"
3rd Dec-
ember 1929.

10 The market performance of Canadian Industrial Alcohol stock has been a keen disappointment to the shareholders. It began to slip back early last year, after reaching a peak of 50½, but it held around 40 for some months, when the market as a whole was vigorous. In recent months it slipped down to about 10, and some shares were actually sold on the Montreal exchange at 5.

20 The authorized common stock is divided into two classes—1,000,000 shares of A voting stock, and 550,000 shares of B non-voting. Both are of no par value, and enjoy equal rights apart from voting. Of the former, 969,480 shares are issued, and of the latter, 123,186 shares. Dividends of 38 cents a quarter, being at the rate of \$1.52 per year are being paid. The market value of the B stock is usually a point or two below that of the A stock.

The company operates through several subsidiaries, with plants at St. Hyacinthe, Que.; Prescott, and Corbyville, Ont.; St. Boniface, Man.; Vancouver, B.C., and London, Eng. In the year ended September, 1928, its net profits were \$3,136,680, while dividends took only \$1,614,042, while balance sheet showed assets of \$19,274,065, with liabilities of \$823,499. The new statement should appear any day now.

30 Last June, the president of the company issued an assurance that the dividends were being earned, and as recently as October 8 he made a further statement to ease the minds of shareholders, though he did refer to the possibility of profits for the past year being lower.

DEFENDANTS' EXHIBIT D-99

(Clipping from London Daily Mail, 14th December, 1929.)

40

AMERICANS AND CANADIANS

By "LONDON FINANCIER"

Lord Shaughnessy's prediction that the net earnings of Canadian Industrial Alcohol Company for the year ended September 30 would be sufficient to cover dividends on the "A" and "B" shares

D-99.
Clipping
from
London
Daily Mail
re Canadian
Industrial
Alcohol Co.,
Ltd.,
14th Dec-
ember 1929.

Exhibits.
D-99.
Clipping
from
London
Daily Mail
re Canadian
Industrial
Alcohol Co.,
Ltd.,
14th Dec-
ember 1929
—continued.

is confirmed by the Company's annual statement just received, which shows net profits for the year at \$2,073,977.

\$ \$ \$ \$ \$ \$

This is down a bit, as we were warned it would be, from the net profits of 1928 (an unusual year), which were \$3,136,680, and of 1927, which were \$2,413,996, but it covers comfortably the dividend requirements, including extras, of \$1,704,947 on the combined " A " and " B " shares.

10 Net earnings per share were \$1.89 on the 1,092,915 " A " and " B " outstanding at the close of the year, compared with \$2.86 on the same number of shares last year.

This year the company paid \$475,000 towards the \$1,404,000 claimed by the Dominion Government in sales tax for 1927 and 1928, leaving \$929,000 to be wiped out in probably two more annual payments. Surplus stands at \$4,796,521, less \$1,404,000 represented by the tax arrears, or \$3,392,521 net. Working capital is \$7,087,991, against \$7,699,301 last year. It could pay outright the \$929,000 due to the Government and still have a working capital of \$6,158,991.

20 \$ \$ \$ \$ \$ \$

At 22, when I recommended the shares, as in my judgment over-sold, the price was about 11 times net earnings of \$1.89.

My feeling at the time, from the best information I could get, was that net should be somewhere between \$2.20 and \$2.59 per share.

30 That ratio of 11 times was, of course, a bit high, though not excessive in view of the yield. At present the share, unduly deflated as we now know—through the alarm caused by selling by at least one of the late directors, is down to 13, or 6.6 times 1929 earnings.

Shareholders will give Lord Shaughnessy this month a brand-new board, and these badly used shares should begin to improve.

Exhibits.
D-57.
Houston's
Review
(1925) re
Canadian
Industrial
Alcohol Co.,
Ltd.
(p. 249).

DEFENDANTS' EXHIBIT D-57

CANADIAN INDUSTRIAL ALCOHOL COMPANY, LIMITED—Cont'd 249

Highest and Lowest Prices of Stock
MONTREAL—Listed 11th February, 1924 (Previous Quotations "Unlisted")

	\$25 Par Val		\$25 Par Val		No Par Val		1924		1925		1926	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
January	13	11	28	27	20	18	17	16	18	17	18	16
February	13	11	28	27	20	18	17	16	18	17	18	16
March	12	11	28	26	19	18	17	16	18	17	18	16
April	12	11	28	26	19	18	17	16	18	17	18	16
May	13	11	28	26	19	18	17	16	18	17	18	16
June	13	11	28	26	19	18	17	16	18	17	18	16
July	14	13	32	30	19	18	17	16	18	17	18	16
August	17	12	35	33	18	17	16	15	17	16	17	15
September	20	16	40	34	18	17	16	15	17	16	17	15
October	22	18	44	39	18	17	16	15	17	16	17	15
November	22	20	44	39	18	17	16	15	17	16	17	15
December	24	20	47	42	18	17	16	15	17	16	17	15
Sales	37,204		174,944		37,882		431,013					
Dividends	41+2	61			32 Cts.		\$1.28					
Net yr. Sept. 30 (D)	10.20	15.15					\$1.70					

D—After "Depreciation."

HISTORY

Canadian Industrial Alcohol Company, Limited (the New Company), was incorporated for the purpose of acquiring the properties, assets, lands, equipment and surplus of Canadian Industrial Alcohol Company, Limited (Old Company), and under date of 14th October, 1924 the New Company did acquire the undertaking, assets and liabilities of the Old Company, whose charter has now been surrendered. The price paid by the New Company, whose was the issue and allotment of 800,000 shares of "no par value" of its Common Stock, by allotting to the shareholders of the Old Company two shares of "no par value" of the New Company for each share of the Old Company. In acquiring the undertaking of Canadian Industrial Alcohol Company, Limited (Old Company), as a going concern, the Company acquired the entire assets and undertaking of Consolidated Distilleries Limited. The following are details of the capitalization of (a) Consolidated Distilleries, Limited, (b) Canadian Industrial Alcohol Company, Limited (Inc. 1922), and (c) Canadian Industrial Alcohol Company, Limited (Inc. 1924).

(a)	Consolidated Distilleries, Limited—	
	Authorized	\$5,000,000
	Issued	\$3,000,000
	Par value	\$100 per share
(b)	Canadian Industrial Alcohol Company, Ltd. (Inc. 1922)—	
	Authorized	\$10,000,000
	Issued	\$5,000,000
	Par value	\$25 per share
(c)	Canadian Industrial Alcohol Company, Limited (Inc. 1924)—	
	Authorized	1,000,000 shares
	Issued	800,000 shares
	Par value	No par value

All the issued shares of the Consolidated Distilleries, Limited, are at present in the Treasury of the Canadian Industrial Alcohol Company, Limited (Inc. 1924).

COMPARATIVE STATEMENT—YEARS ENDED SEPTEMBER 30TH

	Year	Surplus	Total
Profits after Expenses, Depreciation & Taxes	\$800,000	\$ 581,153	
1923	1,515,310	1,986,463	
1924	1,359,026	1,651,189	
1925			

PROPERTIES

Site.—The Distillery is situated in the township of Thurlow, County of Hastings, Province of Ontario, distant about four miles from Belleville, on a tract of land comprising 154 acres, the plant site occupying 23 acres. The site is served by the C.P.R. and the C.N.R. main line between Belleville and Peterborough, and the river Moira which flows by the plant affords water supply and drainage.

Transportation is further facilitated by 7,000 feet of standard gauge track sidings, Macadam highways provide communication with Belleville and adjoining towns. Buildings.—The total number of buildings is 88, constructed of brick on stone foundations. They consist of fermenting still and cooker houses, having a capacity of 6 million proof gallons of alcohol per annum, grain elevator and mill capable of storing 50,000 bushels of grain, steel tanks with a capacity of 2,400,000 gallons of Molasses.

The storage capacity is 3,400,000 gallons. In addition to the above, there are storerooms, office buildings, chemical laboratories, garage and stables, denaturing buildings and bottling plant. Housing for portion of the employees has also been provided and extensions are projected. The plant includes apparatus for the manufacture of chemical products, alcohol is the main constituent. Buildings have been erected for the manufacture of chemical products, alcohol is the main constituent.

Power Plant.—The power plant consists of four horizontal tubular boilers and three R. & W. water tube boilers, having a rated capacity of 1,500 H.P., and in addition electric motors totaling 315 H.P. are operated by current obtained from the Ontario Hydro Electric Commission at advantageous rates. Fire Protection.—A complete system for fire protection has been provided for exterior of buildings, consisting of hydrants and hose houses in suitable positions.

A sprinkler system has been installed throughout all buildings. Separate water mains serve the fire protection system and are supplied from a steel tank tower containing 100,000 gallons. Steam and electric pumps of 3,900 gallons capacity per minute at a pressure of 115 lbs. are in commission.

Depreciation.—To provide for depreciation on the buildings and machinery of the Company an amount equal to \$125,000.00 is taken out of the profits each year.

Exhibits.
D-57 (b).
Houston's
Review
(1928) re
Canadian
Industrial
Alcohol Co.,
Ltd.
(p. 332).

DEFENDANTS' EXHIBIT D-57 (b)

57
D

332 CANADIAN INDUSTRIAL ALCOHOL COMPANY, LIMITED

(Incorporated 30th September, 1921 under "The Companies Act, Canada.")
Charter—Perpetual.

HEAD OFFICE—910 Canada Cement Building, Montreal, Que.
PLANT—Corbyville, Ontario.

DIRECTORS—Rt. Hon. Lord Shaughnessy, K.C., President, Montreal; Henry Joseph, Montreal;
Hon. H. M. Marler, Montreal; Fisher Wilmore, Belleville, Ont.; Col. F. M. Gaudet, C.M.G., Montreal; E. R. Decary, Montreal;
Archibald Kelly, Montreal.

TREASURER—S. G. Turnbull. **SECRETARY—**J. G. Lawrence.

Nov. 30, 1928.

Authorized
Capital Stock—1,000,000 SHARES **Issued** **Shares**
969,480 SHARES No PAR VALUE

To shareholders of record December 31, 1928, there were allotted on January 15, 1927, 161,580 shares as a stock bonus of 20%, being in the proportion of one new share to five held.
There were allotted 1,900 shares on January 15, 1927, to Crown Trust Company in trust for H. J. Levin, under trust agreement, dated June 16, 1926, to be held in trust until June 16, 1929.

Shareholders of record January 30th, 1928, were given the right to subscribe for shares of Class "B" stock at \$20 per share, in the proportion of one share of Class "B" for every eight shares held, provided the Crown Trust Company, Montreal, receive payment before 3 p.m. on March 1st, 1928.

BALANCE SHEET AS AT 30TH SEPTEMBER, 1928.

LIABILITIES		ASSETS	
Sundry Creditors and Credit Balances, including associated companies	\$808,285 48	Real Estate, buildings, machinery, goodwill, etc., less depreciation	\$5,110,921 15
Dividend payable 15th October, 1928	415,213 08	Shares in Associated Companies and other Investments	3,210,543 7
Shareholders Account:		Stocks on hand at cost	4,540,773 7
Capital Stock:		Sundry Debtors (less provision for doubtful debts) and debit balances, including associated companies	3,589,023 37
Authorized:—1,500,000 Shares without nominal or par value, divided into 1,000,000 Voting Shares and 500,000 Non-Voting Shares	\$10,958,000 00	Cash in bank and on hand	733,063 11
Issued:—969,480 Voting Shares	2,435,720 00		
123,186 Non-Voting Shares	\$13,383,720 00		
Surplus:			
Accumulated Surpluses of former Companies	\$1,296,462 56		
Profit and Loss Account	3,360,383 71		
	4,656,846 30		
	\$19,274,064 86		
			\$19,274,064 86

PROFIT AND LOSS ACCOUNT SEPTEMBER 30TH 1928.

Dividends paid	\$1,611,041 84
Balance as per Balance Sheet	3,360,383 71
	\$1,971,425 38
Net profit for the year after deducting administration expenses and making provision for depreciation and Income Tax	\$3,196,080 11
Balance Brought Forward from last Account	1,837,745 24
	\$1,971,425 38

COMPARATIVE STATEMENT—YEARS ENDED SEPTEMBER 30TH

	Year	Surplus	Total
Profits after Expenses, Depreciation & Taxes	\$400,000	\$120,589	\$ 581,153
1923	800,000	715,310	1,296,463
1924	1,021,000	385,026	1,631,489
1925	1,024,000	1,085,852	2,717,311
1926	2,413,396	416,867	3,134,218
1927	3,136,680	1,522,689	4,656,846
1928	1,611,041	1,636,846	

Annual Meeting third Tuesday in December.
Dividends—1/2 paid 15th Jan., 16th April, 16th July, 8th Oct., 1923. 1/2 paid 7th Jan. and April, 1924. 2/3 paid 7th July and Oct., 1924. 3/4 cents per share paid 15th Jan., 1925 and quarterly thereafter. Increased to 8 cents per share for quarter ended 31st Dec., 1927, paid 16th Jan. and quarterly since.
Bonus—2/3 paid 8th Oct., 1923. 20% stock bonus paid Jan. 15th, 1927.
Financial Year ends Sept. 30th.
Transfer Agent—Crown Trust Company, Montreal, Que.
Registrar—National Trust Company, Limited, Montreal, Que.
Auditors—Deloitte, Plender, Haskins & Sells, C.A., Montreal, Que.

Exhibits.
D-57 (a).
Houston's
Review
(1928) re
Canadian
Industrial
Alcohol Co.,
Ltd.
(p. 333).

DEFENDANTS' EXHIBIT D-57 (a)
CANADIAN INDUSTRIAL ALCOHOL COMPANY, LIMITED—Cont'd 333.

HISTORY

Canadian Industrial Alcohol Company, Limited (the New Company), shares of "no par value" of the New Company for each share of the Old Company.
was incorporated for the purpose of acquiring, as at October 14th, 1924, the properties, assets, lands, equipment and stocks of Canadian Industrial Alcohol Company, Limited (Old Company). The price paid by the New Company was the issue and allotment of 800,000 shares of "no par value" of its Common Stock, by allotting to the shareholders of the Old Company two

PROPERTIES

Site.—The Distillery is situated in the township of Thurlow, County of Hastings, Province of Ontario, distant about four miles from Belleville, on a tract of land comprising 154 acres, the plant site occupying 28 acres. The site is served by the C.P.R. and the C.N.R. main line between Belleville and Peleeborough, and the river Moira which flows by the plant affords water supply and drainage.
Transportation.—The plant is further facilitated by 7,000 feet of standard gauge track sidings. Macadam highways provide communication with Belleville and adjoining towns.
Buildings.—The total number of buildings is 88, constructed of brick on stone foundations.
They consist of fermenting still and cooker houses, having a capacity of a million proof gallons of alcohol per annum, grain elevator and mill capable of storing 50,000 bushels of grain, steel tanks with a capacity of 2,400,000 gallons of Molasses.
The storage capacity is 10,000,000 gallons.
In addition to the above, there are storehouses, office buildings, chemical laboratories, garage and stables, denaturing buildings and bottling plant.
Housing for portion of the employees has also been provided and extensions are projected.

SUBSIDIARY COMPANIES

Consolidated Distilleries Limited,
Wiser's Distillery Limited,
St. Hyacinthe Distillery Co. Limited,
Consolidated Distilleries of Manitoba Limited,
Canadian Industrial Alcohol Co. of Manitoba, Ltd., Refinery at St. Boniface, Man.
British Affiliation, Robert McNish & Co., Limited, London, Eng.

The plant includes apparatus for the utilization of valuable by-products. Buildings have been erected for the manufacture of chemicals of which alcohol is the main constituent.

Power Plant.—The power plant consists of four horizontal tubular boilers and three B. & W. water tube boilers, having rated capacity of 1,500 H.P. and in addition electric motors, totalling 215 H.P. are operated by current obtained from the Ontario Hydro-Electric Commission at advantageous rates.

Fire Protection.—A complete system for fire protection has been provided for exterior of buildings, consisting of hydrants and hose houses in suitable positions.

A sprinkler system has been installed throughout all buildings. Separate water mains serve the fire protection system and are supplied from a steel tank tower containing 100,000 gallons.

Steam and electric pumps of 3,900 gallons capacity per minute at a pressure of 115 lbs. are in commission.

Depreciation.—To provide for depreciation on the buildings and machinery of the Company \$125,000.00 is taken out of the profits each year.

DISTILLERIES

Corbyville, Ont.; Vancouver, B.C.
Prestcott, Ont.
St. Hyacinthe, Que.
St. Boniface, Man.
Canadian Industrial Alcohol Co., Limited, London, Eng.

Highest and Lowest Prices of Stock

MONTREAL

	1927		1928		1929		1928—Class "B"		1929	
	High	Low	High	Low	High	Low	High	Low	High	Low
January	24½	23.106	40	36½	42½	43.018	38½	35	38½	3.103
February	28	23	38	35	45	49.202	40	35	35	2.567
March	27½	25	44	33½	44½	32.537	41½	36½	36½	30
April	30	25½	50½	42½	37½	12.481	46	39½	39½	2.283
May	32½	28	50	45½	36	25.375	47½	41	41	2.105
June	34½	28½	46	37½	29½	7.233	42½	37	37	2.285
July	35	29	46½	39½	24½	15.881	42	36	36	2.618
August	40	32½	44	33½	39½	30.675	38½	35½	35½	930
September	39	36	44½	40	22	22.231	40½	38	38	3,041
October	43½	37½	43½	38½	32	32.986	39½	36	36	3,891
November	43½	37½	47	39½	40½	56.623	40½	36½	36½	7,640
December	43	35	47	39	39	31.782	42	34	34	3,886
Sales		751,414		521,107				52,856		
Dividends		\$1.31		\$1.52						
Net. Yr. Spt. 30 (D)		\$2.49		\$2.95						

D—After "Depreciation."
A—Known as Class "A" from January 30th, 1928.
Listed in Toronto. For transactions see tables in front of this volume.

Exhibits.

D-56.
Market
Fluctua-
tions of
Distilleries'
shares,
March 1928
to February
1930.

DEFENDANTS' EXHIBIT D-56

**MEMORANDUM RE
FLUCTUATIONS OF SHARES IN DISTILLERS' COMPANIES**

10	1928	HIRAM WALKER'S LIMITED		DISTILLERS CORP. SEAGRAMS		CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED "A"		"B"	
		High	Low	High	Low	High	Low	High	Low
	March	65-3/4	61-7/8	20-1/2	20	44	40	41-3/4	38
	April....	65	61-1/2	24-1/4	18-3/4	50-1/4	42-1/4	46	39-3/4
	May....	67-7/8	60	24	20	50	45	47-3/4	41
	June....	60	54-3/4	21	17-1/2	46	37-1/2	42-1/2	37
	July....	61	54	19	16	46-1/4	40	42	36
	August..	56-1/4	50-3/4	15	13	44	35-1/4	39-3/4	35-7/8
	Sept....	65	56	20-1/4	17-3/4	44-5/8	40	40-1/2	38
20	October..	86-1/2	60-1/4	21-3/4	17	43-1/2	38-1/2	40-1/2	36
	Nov....	90-1/2	79-1/4	23-1/8	20	47	39-1/2	43	36-1/2
	Dec....	86	70	21	18	47	39	42	34

30	1929	HIRAM WALKER-GOODERHAM & WORTS		DISTILLERS SEAGRAMS		CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED "A"		"B"	
		High	Low	High	Low	High	Low	High	Low
	January..	87-3/4	79	23	18	42-1/2	38-1/4	38	35
	February	95	83	28-3/4	20	45	40	40	35
	March...	84	66	25-1/2	17-1/2	44-3/4	33	39-1/2	30
	April....	84	69-3/4	23-1/4	18	37-1/2	34-1/2	32-1/2	28
	May....	78-1/2	New 17	21-1/2	18	36	25-7/8	32	22
	June....	22	18	18-3/4	17	29-1/4	24-1/4	25-1/4	23
	July....	21-3/4	18	17-3/4	16	26	21-1/2	23-1/2	21
	August..	20-1/4	17-3/4	18-3/4	16	25	22	21-3/4	20-1/2
	Sept....	18-1/2	15	19-3/4	16	23-1/2	15	20-3/4	13
	October..	16-1/2	7	18-1/2	9	19	5	15	10
	Nov....	12-1/2	9	13-1/4	8-3/4	14-1/2	10	13-1/2	9-1/2
	Dec....	14	10-1/4	12-3/8	12	15	11-3/4	13	10-1/4

40	1930	HIRAM WALKER-GOODERHAM & WORTS		DISTILLERS SEAGRAMS		CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED "A"		"B"	
		High	Low	High	Low	High	Low	High	Low
	January..	11-1/4	10	12-1/4	9-1/2	12-1/2	10	11-1/4	7-1/2
	February.	10-1/4	9-3/4	9-3/4	9	10-1/2	9-1/4	10	8-3/4

Exhibits.

P-212.
Monthly
Review of
Business
Statistics
published
by authority
of The
Minister of
Trade and
Commerce
(page 27),
showing
price trend
of beverage
and com-
mon stocks,
March 1930.

PLAINTIFFS' EXHIBIT P-212

MONTHLY REVIEW OF BUSINESS STATISTICS

27

Table 20. Index Numbers of Security Prices, Weighted.

The indexes of stocks are expressed as a percentage of the average price during 1926, the compilation of the common stock indexes for 1927 and 1928 being based on the quotations for 112 stocks, while beginning with January 1929 125 stocks were used. Further information in regard to security prices may be obtained free upon application to the Dominion Statistician, Dominion Bureau of Statistics, Ottawa.

Month	1. Common Stocks												
	Industrials								Utilities				
	Total	Iron and Steel	Pulp and Paper	Milling	Oils	Textiles and Clothing.	Food and Allied Products	Beverages	Miscellaneous	Total	Transportation	Telephone and Telegraph	Power and Traction
1927													
October.....	154.5	187.8	134.7	159.9	168.4	137.1	144.2	147.1	147.7	129.8	124.3	108.5	143.9
November.....	158.2	199.1	141.0	171.7	169.6	134.9	149.3	164.8	148.4	130.3	125.1	108.7	144.0
December.....	161.6	213.5	135.9	183.7	168.1	136.7	158.0	162.8	159.4	135.8	132.4	112.7	147.0
1928													
January.....	172.5	224.1	151.6	187.7	173.8	140.3	170.3	165.5	175.4	136.2	132.1	115.5	147.8
February.....	167.6	213.5	153.4	182.6	165.8	137.0	166.7	158.2	172.5	135.1	128.0	116.7	150.1
March.....	172.4	224.3	156.0	176.7	171.9	133.8	162.5	168.6	179.0	137.6	134.5	119.3	147.3
April.....	177.0	249.8	160.0	180.4	177.0	136.4	165.4	181.9	177.9	139.5	132.8	122.8	154.0
May.....	184.4	255.7	156.3	184.9	193.6	134.0	169.7	187.3	183.4	150.6	137.7	124.4	175.0
June.....	170.0	230.8	127.0	175.8	180.8	123.6	157.3	165.0	177.5	139.1	127.6	119.4	160.1
July.....	169.6	234.7	113.7	176.1	186.2	120.0	155.8	167.4	175.9	140.6	129.2	118.0	162.1
August.....	166.5	222.2	98.9	169.9	186.3	118.5	150.1	158.6	181.8	136.1	129.5	115.6	150.7
September.....	185.3	247.3	108.1	178.9	210.8	117.7	153.1	175.4	210.5	143.4	136.2	118.6	159.7
October.....	201.2	267.5	99.3	190.7	228.2	114.2	159.3	183.4	245.8	144.2	137.9	118.7	159.7
November.....	229.3	317.5	101.1	197.5	261.5	114.3	166.6	195.8	295.6	149.2	149.6	119.2	157.3
December.....	227.3	328.6	97.1	208.3	246.5	114.1	182.5	184.4	336.0	149.7	149.3	120.3	158.8
1929													
January.....	286.1	374.6	101.6	217.2	276.8	110.9	186.7	189.1	468.8	154.0	153.7	122.3	164.9
February.....	292.9	377.5	103.0	247.6	261.5	108.2	186.3	201.3	501.6	158.7	161.2	122.3	168.1
March.....	266.2	346.9	94.8	235.2	250.7	100.5	180.3	175.1	441.4	150.1	156.5	121.8	153.9
April.....	269.3	338.5	94.8	235.4	298.8	99.6	182.8	175.9	402.1	143.6	149.9	117.0	146.9
May.....	269.3	325.6	93.8	236.8	304.7	101.3	176.9	155.6	406.5	140.2	144.5	117.7	144.6
June.....	264.1	319.7	92.3	234.4	294.9	99.4	173.8	148.2	403.6	143.4	144.2	117.9	152.1
July.....	271.2	321.6	96.8	249.1	315.2	96.0	178.8	138.4	406.4	150.7	150.8	120.1	161.3
August.....	293.8	325.4	109.2	256.8	359.3	91.2	181.3	136.7	433.6	159.2	145.8	128.0	184.0
September.....	315.8	322.4	108.2	267.0	417.8	90.5	178.3	129.0	457.4	163.1	144.7	123.3	194.8
October.....	255.4	248.8	92.6	244.0	348.0	84.8	155.8	162.4	351.7	149.3	135.0	121.5	174.3
November.....	209.4	212.9	77.4	208.1	296.4	79.2	138.9	88.0	267.6	130.9	128.3	114.8	141.1
December.....	210.0	231.6	76.0	196.8	296.1	79.4	139.8	93.8	266.2	131.6	122.6	114.4	148.5
1930													
January.....	209.1	232.5	63.4	174.7	286.6	78.9	140.0	85.8	287.7	133.3	123.0	115.7	151.6
February.....	205.5	224.8	63.3	171.9	263.0	76.2	136.9	79.2	305.2	141.0	139.9	117.5	151.6

Month	Common stocks—Con.								Mining stocks					
	Companies abroad				General Index number	Traders' Index	Preferred stocks	Interest rates	Yield on bonds	Shares traded	11	2	4	17
	Total	Indus-trial	Util-ities	Banks							Gold	Cop-per	Silver and mis-cel-laneous	Total Index
1927														
October.....	125.1	97.8	157.7	124.9	136.8	236.4	107.8	93.9	4.50	1,179,565	139.7	175.2	125.1	143.8
November.....	130.9	104.0	183.0	121.6	139.0	251.7	110.8	93.3	4.47	1,073,798	139.4	163.3	129.3	142.1
December.....	138.0	110.2	171.3	126.4	144.0	281.4	111.8	90.8	4.35	1,343,689	136.3	155.5	123.8	138.2
1928														
January.....	143.3	123.2	168.2	129.3	149.3	317.7	111.5	89.8	4.30	1,517,295	132.5	144.2	122.4	134.0
February.....	140.2	115.0	171.2	134.4	146.0	322.0	110.9	87.7	4.20	1,274,280	121.0	125.8	105.6	121.4
March.....	147.6	118.1	183.6	134.6	149.5	338.5	109.9	88.7	4.25	1,393,587	121.7	123.7	103.1	121.5
April.....	156.0	124.5	194.2	146.7	156.6	379.5	111.4	88.7	4.25	1,603,000	117.5	116.6	97.0	115.6
May.....	163.8	132.2	202.1	146.8	164.5	417.1	111.7	90.8	4.35	1,727,793	115.7	136.9	95.2	118.1
June.....	150.2	120.6	192.6	139.1	151.9	388.0	111.2	91.9	4.40	1,214,858	113.1	137.7	90.1	125.6
July.....	153.0	121.5	197.8	136.7	152.6	391.2	110.3	93.9	4.50	700,127	101.7	283.0	84.8	131.9
August.....	145.9	117.7	186.5	136.5	148.6	391.3	107.5	96.0	4.60	924,040	92.0	291.2	78.4	123.6
September.....	154.9	122.9	200.3	139.9	159.7	470.6	107.6	96.0	4.60	900,422	91.6	283.6	77.2	121.9
October.....	168.6	134.3	217.5	142.2	168.4	553.2	106.2	95.0	4.55	2,308,349	84.3	268.3	66.4	113.0
November.....	189.1	159.5	234.2	144.6	184.2	714.1	104.0	95.0	4.55	3,217,754	82.0	300.8	68.6	116.5
December.....	185.5	151.5	235.6	147.4	183.6	809.7	107.9	96.0	4.60	2,206,717	76.8	315.0	72.2	115.1
1929														
January.....	210.5	183.3	253.5	150.2	207.4	1,039.5	107.4	97.1	4.65	4,173,257	85.4	334.7	79.9	125.7
February.....	198.9	173.0	239.5	147.7	209.4	1,125.8	108.1	98.1	4.70	2,037,891	84.4	323.6	85.4	123.7
March.....	176.8	161.5	204.5	143.5	192.6	1,057.3	106.8	101.2	4.85	2,157,613	84.8	301.5	82.5	120.3
April.....	180.3	172.6	200.0	140.9	191.8	962.4	104.3	103.3	4.95	1,117,430	82.7	287.6	75.4	112.6
May.....	164.2	157.2	182.4	135.6	187.1	955.1	104.3	104.4	5.00	1,287,879	77.4	272.4	72.8	108.9
June.....	162.8	144.7	192.9	129.7	185.6	968.0	104.8	103.3	4.95	766,813	72.1	267.5	69.8	103.6
July.....	171.9	155.1	201.1	135.0	192.8	1,032.1	104.8	103.3	4.95	928,841	72.9	296.9	69.4	109.3
August.....	192.6	168.5	231.2	135.4	207.4	1,170.1	105.6	102.3	4.90	2,103,138	74.1	325.0	70.5	114.9
September.....	197.2	172.7	236.2	133.2	217.1	1,230.4	105.1	104.4	5.00	1,854,675	63.6	317.0	65.3	104.8
October.....	172.7	151.8	206.2	131.4	186.4	1,125.8	102.9	103.3	4.95	3,609,402	59.3	247.8	59.8	90.1
November.....	129.5	125.9	141.4	117.9	154.7	769.2	99.8	103.3	4.95	2,077,720	54.2	185.0	55.0	75.7
December.....	137.9	137.6	146.6	117.4	156.5	786.7	100.4	102.3	4.90	1,086,757	54.3	178.1	51.3	74.5
1930														
January.....	130.3	121.4	136.9	120.3	155.7	828.9	97.9	102.3	4.90	988,789	56.7	188.3	49.6	77.9
February.....	121.0	117.8	131.6	120.4	155.3	894.3	98.8	102.3	4.90	830,534	62.9	209.3	50.1	85.2

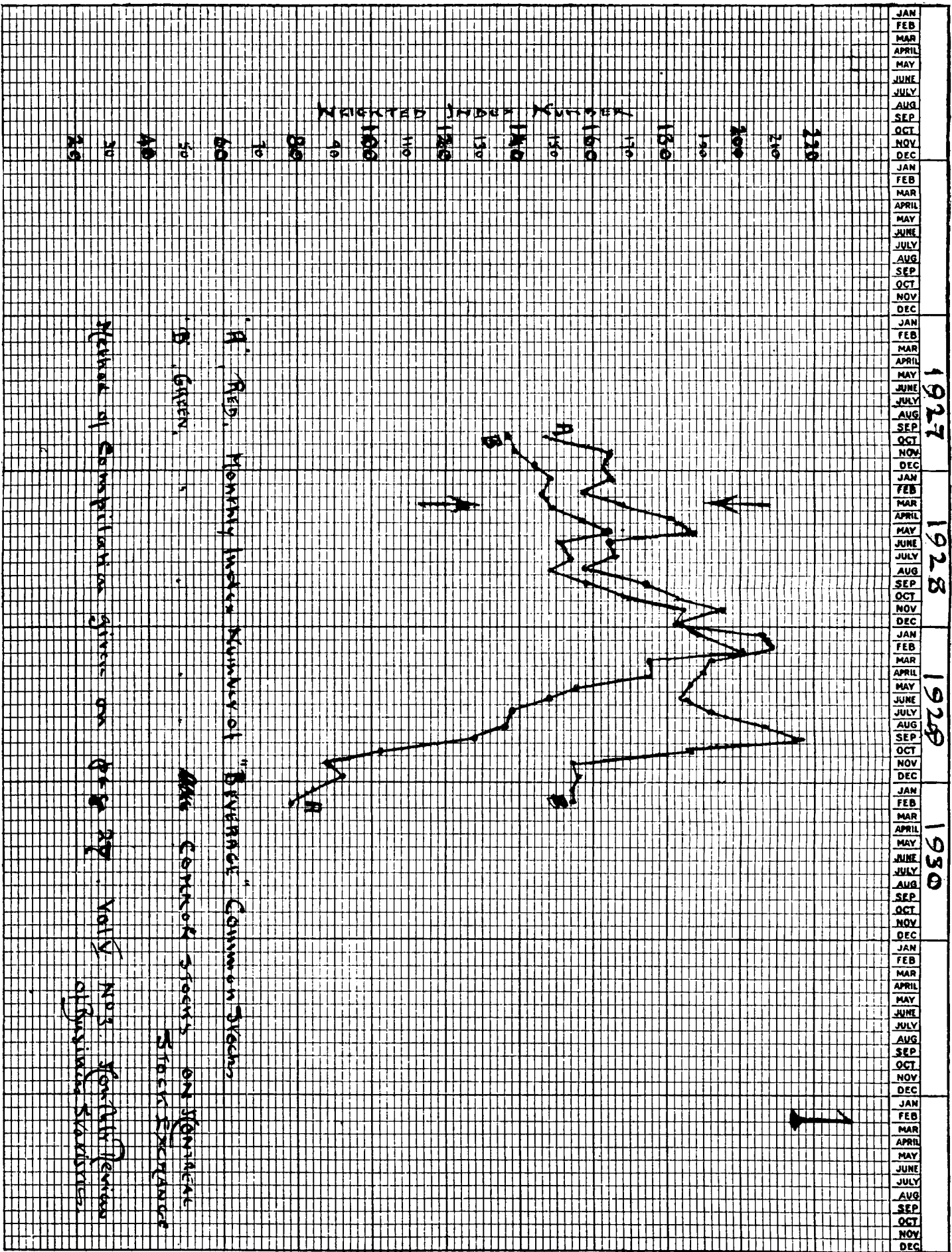
744.

Exhibits.

P-210.

Chart
showing
price trend
of " Beverage " Stocks
and Com-
mon Stocks
on Montreal
Stock
Exchange,
compiled
by Geo. C.
McDonald,
C.A., from
Monthly
Review
issued by
Dominion
Bureau of
Statistics,
1927 to
1930.

PLAINTIFFS' EXHIBIT P-210



MONTHLY REVIEW OF BUSINESS STATISTICS PUBLISHED BY DOMINION BUREAU OF STATISTICS, OTTAWA CANADA 1930

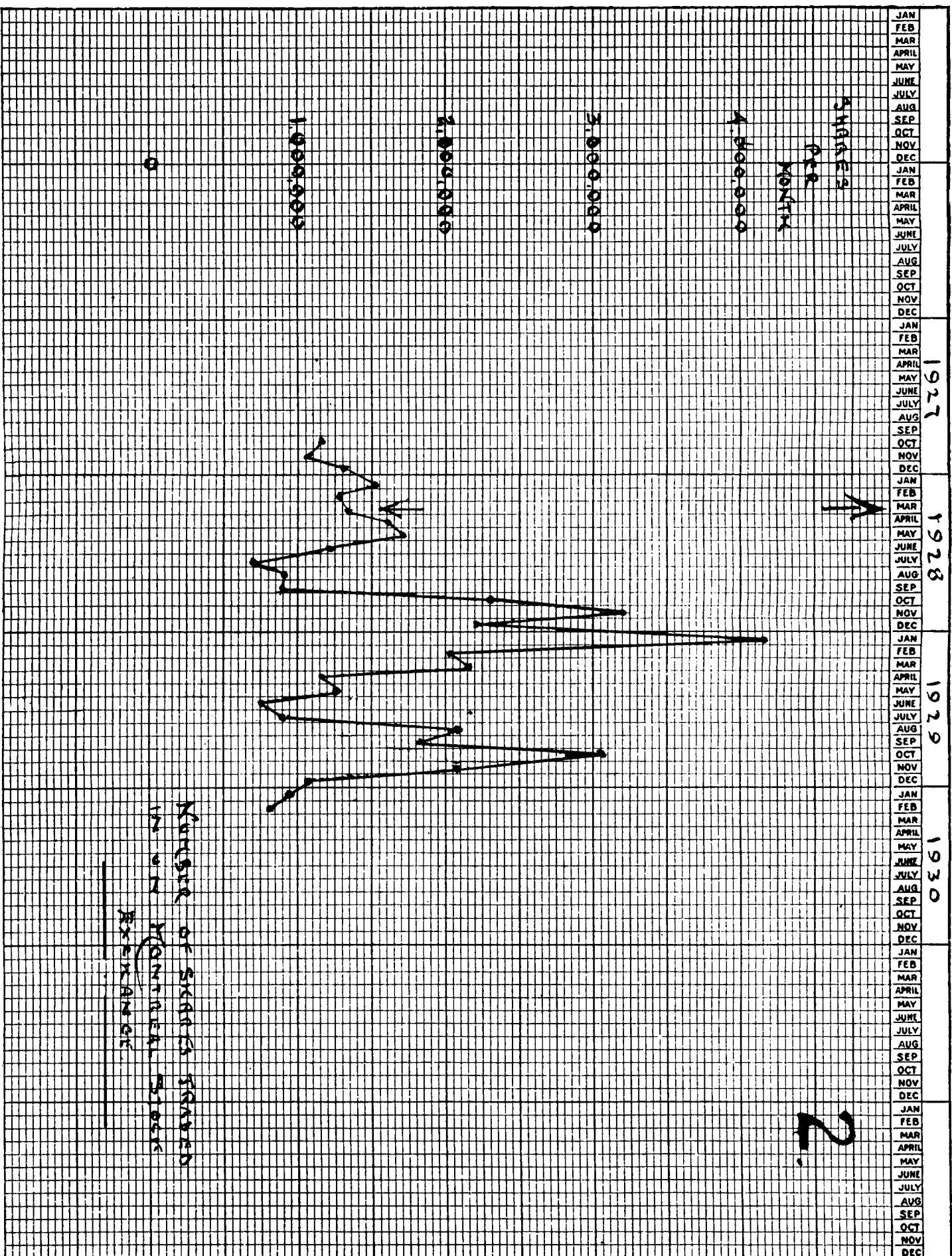
745,

Exhibits.

P-213.

Chart
showing
number of
Shares
traded in on
The Mon-
treal Stock
Exchange
(compiled
from
Monthly
Review
issued by
Dominion
Bureau of
Statistics),
1927 to
1930.

PLAINTIFFS' EXHIBIT P-213



PROF MONTHLY REVIEW OF BUSINESS STATISTICS BY DOMINION BUREAU OF STATISTICS, Ottawa, Canada 1930

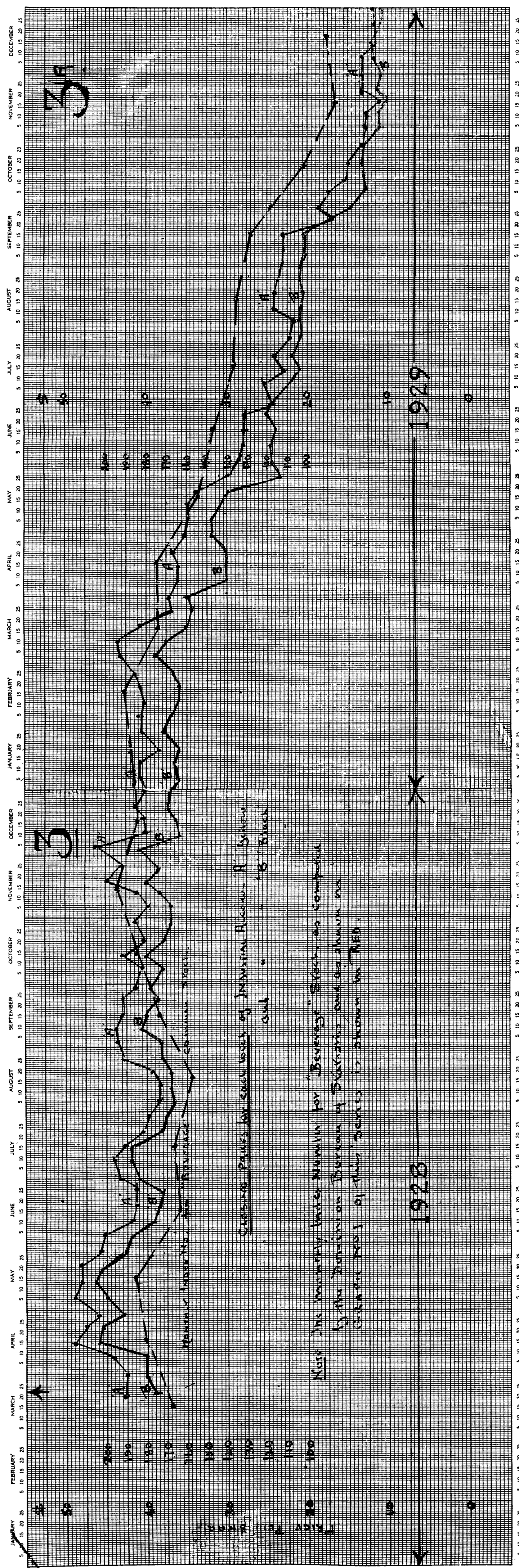
746.

Exhibits.

P-214.

Chart
showing
Weekly
Closing
Prices of
Alcohol
" A " and
" B " shares,
also
Monthly
Index num-
ber of
" Bever-
age " stocks
as per
Review of
Dominion
Bureau of
Statistics,
1928 and
1929.

PLAINTIFFS' EXHIBIT P-214



Closing Prices for each issue of Industrial Revenue A Series and B Series

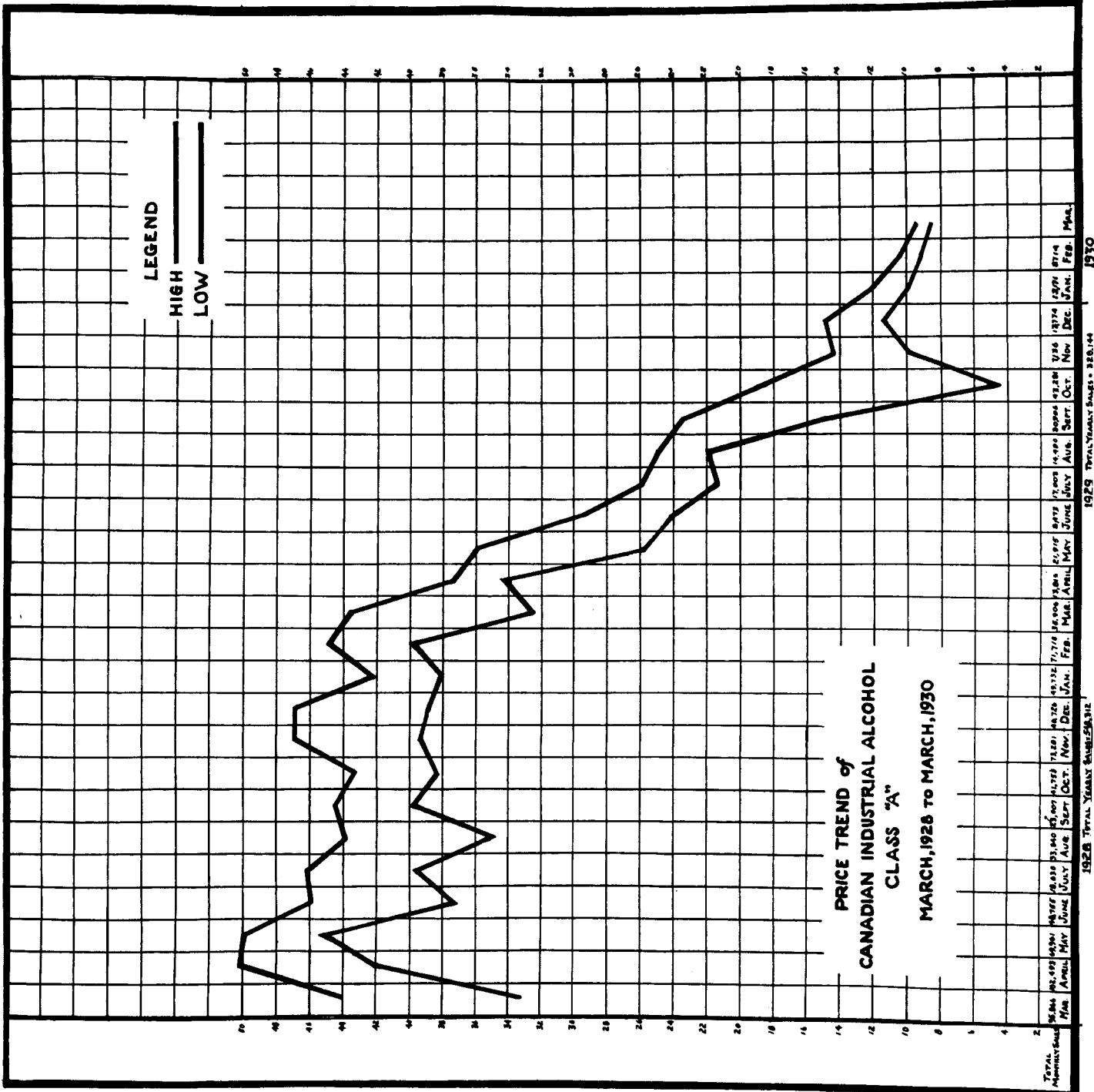
Note the monthly index number for "Beverage" Stock, as compiled by the Dominion Bureau of Statistics and as shown in column 101 of this series is shown in REB.

PLAINTIFFS' EXHIBIT P-182

Exhibits.

P-182.

Chart showing price trend (High and Low) of Class "A" Shares, Canadian Industrial Alcohol Co., and effect of same on holdings of the Estate, March 1928 -1930.



VALUATION OF 486,200 SHARES Held by Estate Co

24,915,000
25,644,400
22,829,600
21,637,200
20,844,400
19,462,000
18,859,400
17,666,800
16,874,200
17,001,600
14,609,000
13,094,900
12,903,600
11,911,200
10,918,600
9,926,000
8,933,400
7,940,800
6,948,200
5,955,600
4,963,000
3,970,400
2,977,800
1,985,200
992,600

GRAND TOTAL = 888,241

VALUATION OF 969,480 SHARES ISSUED

40,674,000
40,674,000
41,674,000
42,674,000
43,674,000
44,674,000
45,674,000
46,674,000
47,674,000
48,674,000
49,674,000
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93,674,000
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95,674,000
96,674,000
97,674,000
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99,674,000
100,674,000

PRICE TREND OF CANADIAN INDUSTRIAL ALCOHOL CLASS "A" MARCH, 1928 TO MARCH, 1930

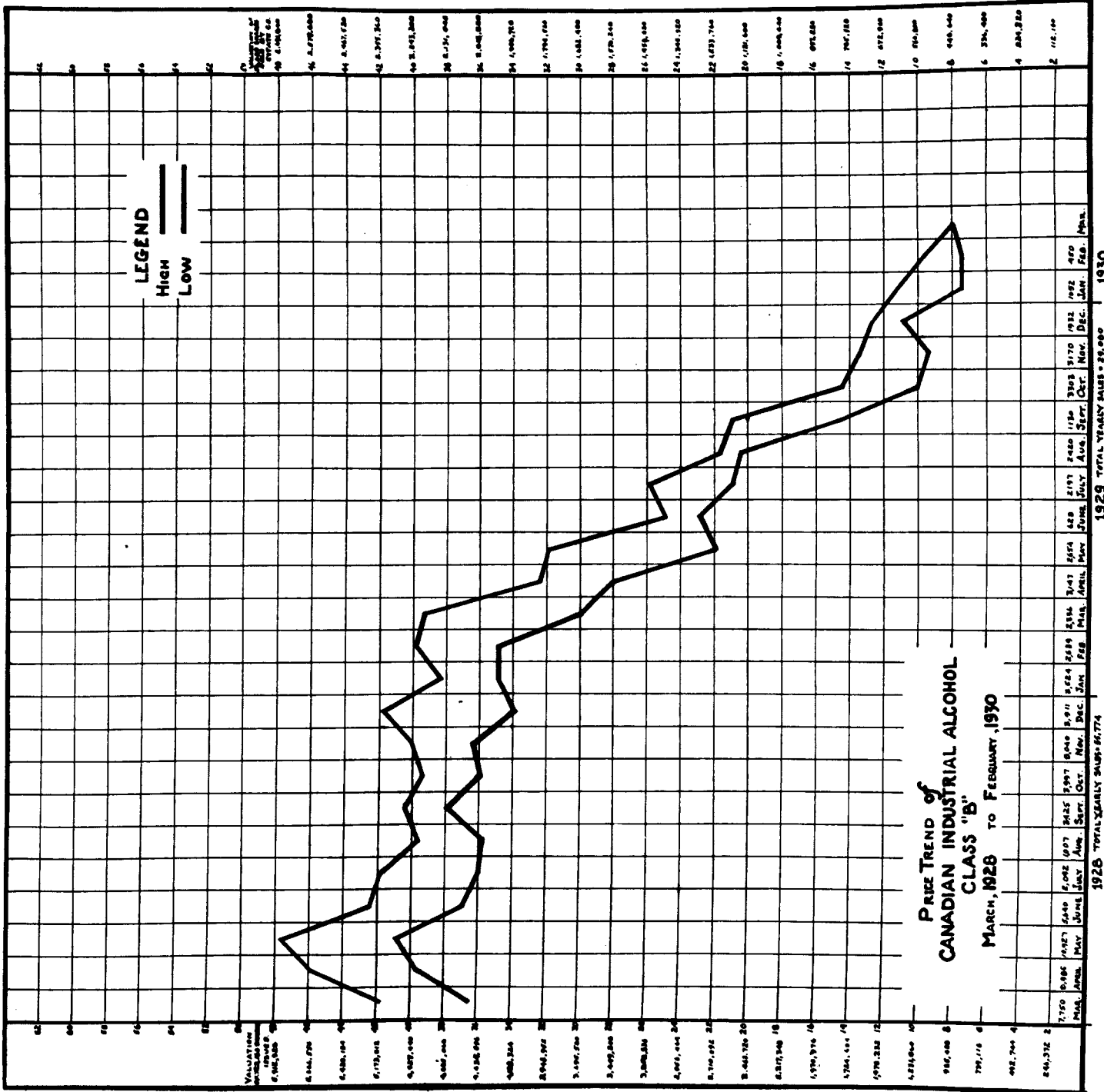
1928	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	1929	Jan	Feb	Mar
36,844	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674
36,844	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674	42,674

1928 TOTAL YEARLY SALES = 320,444
1929 TOTAL YEARLY SALES = 320,444

Exhibits.

P-183.

Chart showing price trend (High and Low) of Class "B" Shares, Canadian Industrial Alcohol Co., and effect of same on holdings of the Estate, March 1928 -30.



Total Monthly Sales

Exhibits.

D-102.
Price Range
reported by
Gazette of
securities
listed on
Montreal
Stock
Exchange
for year
1929.

**MONTREAL STOCK MARKET
PRICE RANGE IN 1929**

Sales	Stock	1929			1928		Year	
		Open	High	Low	Last Sale	Change		
226,635	Abitibi	41	58½	35	35	-6½	81½	37½
37,663	do Pfd.	87½	88	72	77	-10	102½	79
310	do Old Pfd.	115	115	112	112	+4	108	108
70	Agnew Surpass.	14	14	14	14			
55	do Pfd.	*94	*94	*94	*94			
42,172	Alberta Grain	62½	67½	25	28	-33	70½	48
3,090	do Pfd.	99	100½	89	91	-8	100	97
49,348	Asbestos Corp.	16½	22½	2½	2½	-14½	39½	15
14,510	do Pfd.	*60	68	12	12½	-52½	95½	59
17,963	Atlantic Sugar	13½	19½	5	7	-7	27	12
1,319	do Pfd.	69	70½	40	40	-30	85	70
379	Bathurst	10	10	10	10			
880	Bawlf Grain	28	31	26	26			
1,711	do Pfd.	92	94	84	84			
2,868	Belgo Can. Paper Pfd.	101½	107	97½	*100	-1¾	110	95
32,303	Bell Telephone	*170	183	147	*150	-20	175	154
80,689	do Rts.	9.00	9.60	2.50	2.50			
5,076	Brading	25½	30½	22	25	-4	29	23½
5,314,607	Brazilian	76	81½	30½	39¼	-36	78	50
1,389,476	do Rts.	4.80	5.00	1.50	3.00			
6,150	B.C. Fishing Pfd.	84	92½	83	83	+2	87	50
105,828	B.C. Packers	29	32½	5½	15	-15	32½	28
212,459	B.C. Power A.	*56½	60	36	*36	-20	61	48½
45,683	do B.	38¾	40	18¼	20¼	-18¾	43½	21½
18,161	B.E. Steel	4	6½	1½	1½	-2½	8½	1
10,214	do 1st Pfd.	30	42	24	27	-4	48¼	22
85,592	do 2nd Pfd.	6½	14	3½	5	-1¼	11¼	3½
90,654	Brompton	*36½	49	35	27½	-9½	71	32
64,749	Bruck Silk	26¼	37½	20	20			
34,278	Bldg. Products	38½	46	22	27	-11½	47	29½
17,379	do Rts.	60	75	35	45			
529	Calgary Power	165	180	165	165	-5	170	100
47,184	Can. Brewing	*30	30	6	9	-21	39¼	27½
85,384	Can. Bronze	68¾	94	39	42	-26¾	71½	65
1,480	do Pfd.	110	111	109	110	unch.	111	109½
134,434	Can. Car.	95½	175	78	78	-17	96	32
64,941	do Pfd.	*106½	190	106¾	141¼	+34¼	110½	90
67,772	do Rts.	7.00	7.25	.01	.01			
167,053	do New	36¾	37	16	27			
47,463	do New Pfd.	37	37	20	*36½			
129,712	Can. Cement	31¾	36	14	18	-14	34¾	26
20,180	do Pfd.	98½	99¾	90	*93	-5½	100	97
1,856	Can. Converters	104	106	73	75½	-27	127	98½
328	Can. Cottons	110	110	85	91	-19	152	110
580	do Pfd.	101	101	85	85	-19	104	98½
15	Can. Dry Ginger Ale	85						
559	Can. Fairbanks Pfd.	98	98	97	98	-3	103	101
20,198	Can. Forgings	*20	28	15	18	-3	24	20
2,730	do B.	21	32	12	12			
264	Can. Gen. Elec.	136	275	136	275	+145	130	105
3,326	do Pfd.	61	61	57	*58½	-½	62½	57½
9,905	Can. Gypsum	109	127	108	126			
42,034	do New	31½	32½	18	*23			
1,565	Can. Hydro Elec. Pfd.	*89½	90	81¼	82			
304,080	Can. Ind. Alcohol	*40½	45	5	*12	-28½	50½	35¼
25,512	do B.	*36¾	40	9½	*11	-26	47½	35
395	Can. Iron Foundries	29	31	28¼	31	-1	32	27
1,111	do Pfd.	78¼	86	78¼	86	+11	80	60½
371	Can. Locomotive	41	61	41	58½	+27½	31	31
839	do Pfd.	85	91	76	76	-14	90	75
8,708	Can. Nor. Power	28½	35½	17½	17½			
50	Can. Pac. Rly.	200	200	200	200	-45	245	237
418	do Rts.	6½	6½	4½	5			
447,202	Can. Pow. & Paper	28½	39½	17	19¼	-8¼	55	25
63,023	Can. Steamships	38	50½	17	19	-18½	47½	30
350	do Tot. Trust	37¼	37¼	36½	36½	+½	45	32
38,441	do Pfd.	91	98	65	*71½	-21	98	89
4,576	Can. Wire & Cable	70¼	95	70¼	*81			
23,595	do B.	33	46½	25	25			
30	Can. Woollens	12	12	12	12	-3	25	12
5	do Pfd.	80						
308,145	Cockshutt	37½	53	16	24¾	-12½	41½	28
69,257	Con. Smelting	*378	575	210	*250	-129	399	239½
160	Cuban Can. Sugar	1½	1½	1	1	-½	3½	1½
100	do Pfd.	5	7	4	4	-10	28¼	14
1,575	Detroit Ry.	¼	½	¼	¼	+¼	2½	¼
597,562	Dom. Bridge	95	117½	54	74½	-19½	101½	61½
104,395	do Rts.	4.25	5.60	4.00	5.60	+1.50	5.00	3.50
80,478	do 2nd Rts.	3.40	3.60	1.00	1.20			
1,259	Dom. Coal Pfd.	85	85	75	84	-3½	98	75
22,251	Dom. Glass	150	220	120	*125	-32	163	122
560	do Pfd.	125	125	120	122	-3	130	120
1,522	Dom. Iron Pfd.	11	30	10½	30	+18¼	12	5
166	Dom. Rubber Pfd.	97	100	97	97	-3	100	100
2,575	Dom. Steel Pfd.	39¾	46	25	35	-6	76¾	40
38,691	Dom. Textile	116¾	118	74	*77	-39¾	134½	102
45,715	do Rts.	6.00	7.50	5.00	7.50			
1,021	do Pfd.	*124	125	115	115	-9	131	118
15,015	Donnacona	24	28	21	27½	+3½	31	22
570	East Kootenay	25	25¼	25	25	-2	27	26
6,175	Enamel & Heating	34	34	26	31	-3	38	32½
202,680	Famous Players	37½	80	34	42¼	+5½	37½	20
1,977	do Tot. Trust	39½	39½	32	38½			
995	Foundation Co.	22	22	16	16			
109,654	Fraser	84	88½	15	16	-67	99	47
45,938	do Rts.	2.25	2.50	1.50	1.75	-25	2.00	1.50
135,910	Gen. Steel Wares	36	42	18	20½	-15¾	37	35
983	Goodyear Pfd.	106	110	105½	107	+½	110	105½
1	Gould Pfd.	100						
46,531	Gurd.	40	45¼	25	*26½	-12½	46	37½
172	do Pfd.	110	110	110	110	+1	110	106
169,330	Hamilton Bridge	38	79	21½	33	-5	49½	24
30,920	do Rts.	.85	.85	.03	.40			
4,257	do Pfd.	90	94	87	87	-2	92	88
125	Hillcrest	70	70	60	60	-15	75	60
242	do Pfd.	88¼	92	88¼	91	unch.	91	90
692	Holt Renfrew	130	135	106½	106½	+10½	120	80
513	do Pfd.	100	106	98½	98½	+½	100	98
10,870	Howard Smith	29½	29½	15	24¾			
2,486	do Pfd.	85	90	82	82			
8,743,043	Int. Nickel	48½	72	25	32¼	-12½	45½	31¼
2,835	Int. Paper & Pow. A.	29	42	29	40			
430	do B.	16	21¼	16	17½			
1,207	do C.	11½	25	11½	25			
30	Int. Paper Rts.	2.25	2.25	2.25	2.25			
18,748	Int. Power	28	35	14	16	-13	36	27½
7,112	do Pfd.	97¼	98	81	*82	-15¼	91	94
14,457	Jamaica P.S.	31	37½	29	33	+2	31¼	31
1,681	do Pfd.	113½	115	112	112	+2	115	105
46,662	Lake of the Woods	56	65½	43	45	-11	61¼	51
598	do Pfd.	120	122	118	122	+2	125	110
2,550	Lake Ont. Brewing	5	9	2	2	-3½	30	5½
23,223	Lindsay	30	49¼	18	21	-11	33	31½
2,679	do Pfd.	92	125	85	85	-10	100	95
68,071	Lyall	60	65	10	10	-49½	78	50
2,887	MacKinnon	36½	48¼	36½	40			
760	do Pfd.	100	100	98	98			
4	Maple Leaf Pfd.	*111						
501,980	Massey-Harris	92	99½	32½	*43½	-47½	97	57
156,846	do Rts.	8.00	8.00	2.50	5.90			
924	do Pfd.	110	112	110	110	+1	110	107½

Sales	Stock	1929			1928		Year	
		Open	High	Low	Last Sale	Change		
234,664	McColl-Frontenac	41¼	45	20½	24	+40	110	61½
628	Mexican Power	86	120	86	119	-23	72	49½
2,485	Mitchell, J. S.	62	73	40	40	-1	105	105
410	do Pfd.	105	105	104	104	-7	124	120
1,738	Mont. Cottons	125	137	110	*135	+5	130	110
345	do Pfd.	120	120	117	117	-7	124	120
143	Mont. Loan	51	51	50	50	+2	48	48
699,915	Mont. Power	*108½	180	98	*128	+18¾	120	89
1,497	Mont. Telegraph	*52	55	47¼	47¼	-7¼	56½	53¼
1,497	Mont. Tramways	192	192	175	175	-20	210	193
2,732	do Rts.	5.50	6.00					

752.

Exhibits.

D-103.
Price Range
reported by
Gazette of
securities
listed on
Montreal
Curb Market
for year
1929.

**MONTREAL CURB MARKET
IN 1929**

MISCELLANEOUS STOCKS

Sales	Stock	1929			1928	
		Open	High	Low	Last Sale	Net Change
2,575	Agnew-Surpass	18	18	13	14	
1,803	do Pfd.	97 1/4	99	93	93	
3,465	Amalgamated Elec.	36	39	17 1/2	17 1/2	
2,853	do Pfd.	51	51 1/2	40	40	
1,550	Anglo-Norwegian	4 3/8	4 3/8	4	4	
8,423	Asch	31	54 1/2	22	49	+1
903	do Pfd.	93	95	85	90	
64,001	Associated Brew.	22 1/4	31	17 1/2	17 1/2	-5
3,030	do Pfd.	94	97	93	95	+2
223,626	Associated Oil	4.25	5.25	.85	.95	
20,356	Attendu	5	6	1/2	1	-4
15	Barcelona	47	47	47	47	
5,846	Beauharnois	16 1/8	17	12	12	
561	Belding-Corticelli	145	150	145	148 1/4	+23 1/4
146	do Pfd.	103	103	99 1/2	99 1/2	-1 1/2
256,979	B. A. Oil	52 1/2	71 3/4	29 3/4	46 1/2	-6 1/2
100	Brit. & For. Inv.	20	20	20	20	
31,382	Bruck Silk	21 1/2	37	21 1/2	36	+14
48	Can. Cons. Felt Pfd.	60	60	60	60	+10
33,015	Can. Dredge	65 1/4	89 1/2	30	36	-28
1,276	Can. For. Inv.	48	48	40	40	
1,231	do Pfd.	90	95	90	95	
21	do Pfd B.	85	95 3/8	85	95	
767	Can. Gen. Inv.	106	108	98 1/2	103	
465	Can. Int. Inv. Trust.	13 1/4	14	12 1/4	12 1/4	
1,685	Can. Nor Power	107	150	107	143	+42
3,102	do Pfd.	106 1/4	107	100	101	-6
37,468	Can. Vickers	37	45	9	10	-27
1,861	do Pfd.	90	92 3/4	89	90	unch.
6,043	Can. Vinegars	33	42	25	25	-4
2,045	Can. Wineries	9 1/2	11	4	5	-4
1,935	Catelli Products B.	12	17 1/2	10	13	
3,292	do Pfd A.	30	30	26	27	
1,015	Chemical Research	7 1/2	7 1/2	7 1/2	7 1/2	
925	Com. Alcohols	27	27	4	4	-20 1/2
102,885	Commw. Pet.	1.35	1.35	.42	.50	
188	Cooksville	22	42	22	35	
102	do Pfd.	86	92	86	92	+57
7,106	Cosgrave	5	5	1	1 1/2	-2 1/2
9,365	Curtiss-Reid	16	24	2 1/2	3	
6,361	do Pfd.	32 1/2	34 1/8	8	8	
179,019	Dist. Seag	18 1/2	28 3/8	8 3/4	12	-6
31,814	Dom. Engineering	104 1/2	113	58 1/2	70	-33 1/2
10	Dom. Pow. Trans.	104	104	104	104	
110	Dom. Stores	161	167 3/8	155	155	-4 3/4
6,882	Dom. Tar	33	33	17	22 1/4	
6,173	do Pfd.	90	91	86	90	
117,099	Dryden	34 1/2	35 1/4	12	19	-15
55,756	do Rights	1.00	1.25	.02	1.00	
30,579	Eastern Da ries.	43	58	17	28	-15
180	English Elect.	41	43	41	41	+13
57	do B.	23	23	23	23	
175	East Koot. Pfd.	96	96	96	96	-5
30,498	Fed. Dist	1.40	1.75	.10	.25	-1.25
49,563	Foothills Oil	6.25	10.25	1.60	1.60	-2.40
33,556	Foreign Sees.	38	43 1/2	20	27	-8
50	Great W. Saddlery	31 1/2	31 1/2	31 1/2	31 1/2	+8 3/8
749,176	Home Oil	3.05	27.00	3.00	8.50	+5.00
11,336	Howard Smith	30	30 1/2	25	29	-1 1/2
1,342	do Pfd.	92	92 1/2	91	91 1/2	-1
450	Howe Lumber	20	20	16 3/8	19	
224,447	Hydro-Electric	32 1/4	83	27 1/2	37 1/2	+5 3/8
169,241	Imperial Oil	99	120	87 1/2	112	+14 1/4
740,999	do New	27	41 1/4	24 1/2	27 1/2	
116,694	Imperial Tobacco	10 1/4	11 1/2	9	10 1/4	-3/4
9,485	Inter. Paints	23	25 1/2	15	18	
525,719	Inter. Pete.	51 1/2	66	45	45 1/4	-5 3/4
433,230	do New	30	30 1/4	17	22	
33,714	Inter. Utl. A.	44	50	29	36	-8 1/2
27,623	do B.	16 1/2	22 3/4	6	6 1/4	-10
150	Kemsley	15	17	15	17	+1 1/2
13,700	Lowery Petroleum	5.00	6.00	1.90	1.90	
5,187	Manitoba Power	100	105	40	53	(-47)
412,711	McColl Frontenac	32 1/4	43 3/4	26 1/2	42	+9 3/8
2,009	do Rights	1.90	2.00	1.80	2.00	+1.10
4,934	Montreal Ex.	17	20 1/2	7	8	-12
636	Montreal Isl. Power	47	48	37	37	
1,250	Municipal Service	7	7	3/4	1	-5 1/2
11,861	National Dist.	13 1/2	17	3 1/2	4 1/2	-9 1/2
44,199	Page-Hersey	129	140 3/8	75	92	-37
30	do Pfd.	250	250	250	250	+43
125	Paton Mfg.	53	56	53	56	+1
21	do Pfd.	90	95	90	95	
6,082	Power Corp. Pfd.	102	103	94	98	-4 1/2
2,060	Public Utl.	13 1/4	18 1/2	13	18	+4 3/4
25,870	Regent	20	25 1/4	5	5	-15
5,768	Reliance Grain	40	45	1 1/2	18	-22
40,823	Robert Mitchell	41	66 1/2	2	2	-8 1/2
25	do Pfd.	125	155	125	155	
16,508	do Rights	3.00	4.25	2.25	3.00	
2,464	Sarnia Bridge	30	32 1/2	20	26	-5
5,596	do B.	24	32 3/4	8	12	-9
4,160	Service Stations	84 1/2	85 1/2	45	45	
5,083	S. Can. Pow. Pfd	106 1/4	110	102 3/4	104	-4
225	Standard Paving	35 1/4	35 1/4	28 1/2	28 1/2	
1,899	United Securities	55	65	45	45	-10
5,182	do Pfd.	104	106 1/2	101	103 1/4	-1 1/2
54,414	Walker	83	95	65	69 3/8	-13 3/8
185,759	do New	27 1/2	28 1/2	(6)	10 1/8	
14,392	do Rights	9.00	11.50	1.50	3.75	
42,889	W. Steel Prods.	35	53 1/2	28	29	
987	do Pfd.	99	99	96	99	
2,479	Whittall Can.	15	15 1/2	10	10	
6,465	Williams Alloy	50 1/2	52	8 3/4	8 3/4	
Total Sales		5,289,241		4,820,501		
Rights		89,565		144,451		

MINING STOCKS

Sales	Stock	Open	High	Low	Last Sale	Net Change	High	Low
619,969	Abana	3.70	3.90	.85	1.10	-2.65	4.80	2.60
23,300	Aladdin	1.84	1.84	.50	.50	-1.31	1.85	1.05
349,625	Albain	.05	.17	.03	.04	-.21	1.05	.25
232,200	Amulet	8.40	3.55	1.05	1.50	-1.95	5.25	2.55
67,179	do Rights	.22	.35	.20	.30			
34,625	Area	.15	.17 1/2	.09	.11	-.05	.42	.14
800	Argonaut	.03	.03	.00 1/2	.00 1/2	-.00 3/4	.32	.01 1/4
500	Baldwin	.04 1/2	.04 1/2	.04 1/2	.04 1/2			
1,925	Central Manitoba	.65	.72	.41	.41	-37	1.95	.78
3,595	Coast Copper	56.00	67.00	15.00	15.00	-47.00	64.00	30.00
500	Columbus Kirk	.03 1/4	.03 1/4	.03 1/4	.03 1/4	+0.2 1/4	.03 1/4	.01
150	Dome	9.95	9.95	9.95	9.95	+1.70	11.65	8.00
223,960	Don Rouyn	.10	.12	.01	.02	-.08	.30	.10
4,725	Falconbridge	13.00	13.00	4.55	4.90			
3,585	Franco	6.00	6.25	4.00	4.00			
3,360	do Deferred	1.75	2.00	1.75	1.75			
6,000	Gold Hill	.07	.07 1/4	.04 3/4	.04 3/4	-.01 1/4	.29	.06

Sales	Stock	1929			1928	
		Open	High	Low	Last Sale	Net Change
17,800	Grover Daly	.05	.05	.02 1/4	.04	+0.1 1/2
7,000	Harvie	.01	.06	.01	.05	+0.04
500	Indian	.06	.06	.06	.06	-.00 3/4
8,850	Keeley	.43	.50	.36	.36	-.34
1,815	Lake Shore	20.00	26.25	18.90	23.00	+5.90
37,500	Laval	.08	.11	.02 1/2	.03	-.07 1/2
185	McIntyre	20.85	20.85	20.85	20.85	-5.40
10,860	Mining Corp.	4.10	5.90	2.80	3.05	-.95
56,550	Montreal Rouyn	0.2 1/2	.16	.02	.06	-.01
200	Nipissing	1.75	1.75	1.75	1.75	-1.10
931,514	Noranda	64.50	69.00	25.00	35.00	-29.00
312,189	do Rights	.75	.75	.20	.35	
1,425	Premier	1.67	1.75	1.50	1.67	-.53
1,722,970	Siscoe	.96	1.65	.35	.43	-.52
19,175	Stadacona	.10	.15 1/2	.04	.06	-.04
7,595	Sunloch	3.25	4.25	.90	.90	-2.35
35,997	Teck Hughes	9.00	10.05	4.75	5.00	-3.75
200	Tough Oakes	.05	.05	.05	.05	-.03
21,230	Towagmac	3.85	3.85	.70	.80	-2.60
895	Ventures	9.00	9.75	3.00	3.35	
6,350	Vipond	1.20	1.20	.84	.84	+1.20
12,520	Wright Hargreaves	2.35	2.60	1.22	1.28	-.20
Total Sales		4,405,274		5,134,495		
Rights		379,368		9,788		

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Exhibits.
—
P-189.
Comparative State-
ment of
Market
Quotations
upon certain
securities
listed on
Montreal
Stock
Exchange,
prepared by
Kenneth
McArdle,
September
and Dec-
ember 1929.

PLAINTIFFS' EXHIBIT P-189

(Prepared by Mr. McArdle, as ordered at Page No. 2212.)

20	Stocks	FOR SEPTEMBER, 1929				FOR YEAR 1929			
		Open	High	Low	Close	Open	High	Low	Close
	Royal Bank	350	357	345	351	382	400	285	298
	Bank of Montreal	349	359	343	359	398	425	295	315
	Power Corp.	133 $\frac{1}{4}$	133 $\frac{1}{4}$	121	122	97 $\frac{1}{2}$	125	68	74 $\frac{1}{2}$
	Winnipeg Elec.	94	96 $\frac{1}{2}$	80	82 $\frac{1}{2}$	106	109 $\frac{1}{2}$	40	51 $\frac{1}{2}$
	Man. Power.	84 $\frac{1}{2}$	84 $\frac{1}{2}$	66	66	100	107	40	55
	Massey Harris.	58	59 $\frac{1}{4}$	50 $\frac{1}{2}$	50 $\frac{1}{2}$	92	99 $\frac{1}{2}$	32 $\frac{1}{2}$	43 $\frac{1}{2}$
	Dom. Textile.	91 $\frac{1}{2}$	93	90	92	116 $\frac{3}{4}$	118	74	77
30	C. P. R.	233	235	213	213	245	265	188	190
	Cons. Smelting.	448	450	390	390	375	575	210	250
	Can. P. & Paper.	37 $\frac{1}{4}$	38 $\frac{3}{4}$	31	31 $\frac{1}{2}$	29 $\frac{1}{2}$	34 $\frac{1}{2}$	17	19 $\frac{3}{4}$

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PLAINTIFFS' EXHIBIT P-123

Exhibits.

P-123.

List of
Officers and
Directors of
Canadian
Industrial
Alcohol Co.
and sub-
sidiaries,
Year 1930.

**Exhibit Group No. 31: Canadian Industrial Alcohol Co.—
Re Falling Off of Sales**

OFFICERS AND DIRECTORS

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED AND
SUBSIDIARIES

10

FOR THE YEAR 1930

DIRECTORS

OFFICERS

CANADIAN INDUSTRIAL ALCOHOL COMPANY, LTD.

Rt. Hon. Lord Shaughnessy, K.C.	Rt. Hon. Lord Shaughnessy, K.C., President
E. Lauster	E. Lauster, Vice-President
F. Wilmore	F. Wilmore, Vice-President
J. Gibson Lawrence	S. G. Turnbull, Treasurer
S. G. Turnbull	J. Gibson Lawrence, Secretary
G. G. Kaestner	
A. M. Reaper	
20 J. Stormont, Jr.	

CONSOLIDATED DISTILLERIES LTD.

E. Lauster	E. Lauster, President
F. Wilmore	F. Wilmore, Vice-President
S. G. Turnbull	S. G. Turnbull, Treasurer
F. J. Flanagan	J. Gibson Lawrence, Secretary
G. A. McCrann	

ST. HYACINTHE DISTILLERY COMPANY LTD.

30 E. Lauster	E. Lauster, President
A. C. Hersey	A. C. Hersey, Vice-President
F. Wilmore	S. G. Turnbull, Treasurer
F. J. Flanagan	G. Gibson Lawrence, Secretary
G. A. McCrann	

WISER'S DISTILLERY LIMITED

E. Lauster	E. Lauster, President
F. Wilmore	F. Wilmore, Vice-President
S. G. Turnbull	S. G. Turnbull, Treasurer
F. J. Flanagan	J. Gibson Lawrence, Secretary
40 G. A. McCrann	

J. M. DOUGLAS & Co. LTD.

Rt. Hon. Lord Shaughnessy, K.C.	Rt. Hon. Lord Shaughnessy, K.C., President
F. Lauster	F. Lauster, Vice-President
F. J. Flanagan	C. A. Dowd, Sec.-Treas.
A. Curran	
C. A. Dowd	

Exhibits.
 P-123.
 List of
 Officers and
 Directors of
 Canadian
 Industrial
 Alcohol Co.
 and sub-
 sidiaries,
 Year 1930—
continued.

CANADIAN CUBAN EXPORT CO. LTD.

E. Lauster	A. Kelly, President
A. Kelly	A. Curran, Sec.-Treas.
A. Curran	
H. J. Levin	
Alfred Levin	
J. Murphy	
J. Gibson Lawrence	

CONSOLIDATED DISTILLERIES OF MANITOBA LTD.

10 CANADIAN INDUSTRIAL ALCOHOL CO. OF MANITOBA LTD.

Rt. Hon. Lord Shaughnessy, K.C.	Rt. Hon. Lord Shaughnessy, K.C., President
F. Lauster	G. W. Saunders, Manager
J. Gibson Lawrence	H. G. Hansman, Secretary
G. W. Saunders	
S. G. Turnbull	

ROBERT McNISH & COMPANY LIMITED

Rt. Hon. Lord Shaughnessy, K.C.	Rt. Hon. Lord Shaughnessy, K.C., Chairman
E. Lauster	E. Lauster, Vice-Chairman
Colonel George McNish	Colonel George McNish
John McNish	John McNish
Thomas Logan	W. Y. McCulloch, Interim Secretary
Fisher Wilmore	D. S. Carlisle, Accountant
J. Gibson Lawrence	

PLAINTIFFS' EXHIBIT P-110

30 CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

STATEMENT OF STOCKS ON HAND AT CORBYVILLE
 AT END OF FISCAL YEARS AS FOLLOWS

P-110.
 Statement
 of Stocks of
 liquor on
 hand at
 Corbyville,
 1926-1929.

	Sept. 30 1926 Proof Gallons	Sept. 30 1927 Proof Gallons	Sept. 30 1928 Proof Gallons	Sept. 30 1929 Proof Gallons
Bourbon Whisky	329,179	319,935	1,108,852	2,152,957
40 American Rye Whisky	488,248	772,883	2,209,833	3,868,112
Canadian Rye Whisky	641,519	1,355,183	1,280,124	1,241,716
Sundry Stocks	1,448,034	887,446	961,552	695,865
	<u>2,906,980</u>	<u>3,335,447</u>	<u>5,560,361</u>	<u>7,958,650</u>

Exhibits.
 —
 D-89.
 Statement showing stocks at Corbyville Plant of Canadian Industrial Alcohol Co., Ltd., 1922 to 1925.

DEFENDANTS' EXHIBIT D-89

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

**STATEMENT OF STOCKS ON HAND AT CORBYVILLE
 AT END OF FISCAL YEARS AS FOLLOWS**

	Sep. 30, 1922	Sep. 30, 1923	Sep. 30, 1924	Sep. 30, 1925	Total Proof Gallons	Sep. 30, 1926	Sep. 30, 1927	Sep. 30, 1928	Sep. 30, 1929	Total Proof Gallons	Increase
Bourbon Whisky.....						329,179	319,935	1,108,852	2,152,957		
American Rye Whisky.....						488,248	772,883	2,209,833	3,868,112		
Canadian Rye Whisky.....						641,519	1,355,183	1,280,124	1,241,716		
Sundry Stocks.....						1,448,034	887,446	961,552	695,865		
	1,749,993	1,678,151	2,785,015	2,593,908	8,807,067	2,906,980	3,335,447	5,560,361	7,958,650	19,761,438	10,954,371

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Exhibits.

P-109.
Schedules *re*
Grain and
Molasses
Spirits
manufactured at
Corbyville,
1918-1929.

PLAINTIFFS' EXHIBIT P-109—1

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

GRAIN MANUFACTURING COSTS AT CORBYVILLE
SINCE INCEPTION OF COMPANY

CORBYVILLE PLANT MANUFACTURING COSTS	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929
	Per Net P.G.	Per Net P.G.	Per Net P.G.	Per Net P.G.	Per Net P.G.	Per Net P.G.	Per Net P.G.	Per Net P.G.	Per Net P.G.	Per Net P.G.	Per Net P.G.
RAW MATERIALS COST:											
Grains, etc.....		.7407	.6753	.3179	.3982	.3984	.4676	.3854	.3315	.3936	.3925
MANUFACTURING EXPENSE:											
Heat, Light & Power.....		.0911	.2252	.0645	.0692	.0623	.0520	.0443	.0333	.0254	.0252
Labor.....		.0212	.0104	.0141	.0171	.0207	.0305	.0148	.0144	.0147	.0153
Distillery Overhead.....		.0233	.0290	.0318	.0418	.0626	.0815	.0643	.0661	.0549	.0286
		.1356	.2646	.1104	.1281	.1456	.1640	.1234	.1138	.0950	.0691
TOTAL MANUFACTURING COST.....		.8763	.9399	.4285	.5263	.5440	.6216	.5088	.4453	.4876	.4616
Less By-Products.....		.1104	.0747	.0667	.0427	.0694	.0429	.0172	.0308	.0248	.0259
NET MFG. COST PER NET PROOF GALLON.....		.7659	.8652	.3616	.4836	.4746	.5787	.4916	.4145	.4638	.4357
GROSS PROOF GALLONS MANUFACTURED.....		139,062.78	6,278.47	749,200.76	784,842.41	1,880,199.04	943,978.05	1,079,311.53	1,968,027.00	3,336,382.59	3,515,010.25
NET PROOF GALLONS PRODUCED.....		128,979.66	5,811.93	662,008.15	695,495.77	1,632,069.65	856,830.93	1,006,462.33	1,763,517.09	3,174,007.56	3,434,177.58
COST OF GRAINS:											
Cost of Corn per Bushel.....		2.034		.75	1.01	1.132	1.344	1.322	.98	1.19	1.20
Cost of Rye per Bushel.....		1.60	1.79	1.04	1.06	.86	1.31	1.099	1.16	1.25	1.25
ANALYSIS OF GRAIN SPIRITS MANUFACTURED:											
"B" Bourbon Whisky.....		33,044.39		87,387.86	215,064.28	527,121.28	126,043.06	92,075.35	311,950.57	791,863.39	1,062,471.70
"C" Canadian Whisky.....		102,976.99		556,198.78	52,043.29	906,128.09	428,609.56	903,666.26	1,078,350.48	639,666.60	486,731.58
"D-1" American Rye Whisky.....						65,407.51	281,797.67	49,075.48	577,725.95	1,724,652.60	1,965,806.97
"D" American Rye Whisky.....		3,041.40	6,278.47	57,243.28	482,566.55	312,807.03	93,471.90				
Scotch.....				48,370.84	33,203.53	61,206.18	14,055.86	29,476.31			
Barley "C".....								4,251.48			
Malt.....					1,964.76	3,372.07		766.65			
Malt Wines—Holland Gin.....						4,156.88					
TOTAL.....		139,062.78	6,278.47	749,200.76	784,842.41	1,880,199.04	943,978.05	1,079,311.53	1,968,027.00	3,336,382.59	3,515,010.25
ANALYSIS OF YIELDS PER BUSHEL MASHED:—											
"B" Bourbon Whisky.....		3.13		3.59	3.51	3.44	3.53	3.47	3.36	3.56	3.55
"C" Canadian Whisky.....		3.12		3.48	3.61	3.50	3.54	3.43	3.51	3.54	3.48
"D-1" American Rye Whisky.....						3.04	3.51	3.15	3.22	3.28	3.32
"D" American Rye Whisky.....		2.91	3.03	3.43	3.09	3.01	3.27				
Scotch.....				3.43	3.21	3.42	3.66	3.61			
Barley "C".....								2.79			
Malt.....					2.21	3.51		2.28			
Malt Wines—Holland Gin.....					2.53	2.53					

Does not include Depreciation, Heat, Light and Power. Includes Dry House Consumption. Portion of Overhead only taken up.	Does not include Depreciation, Heat, Light and Power. Includes Dry House Consumption. Portion of Overhead only taken up.	Does not include Depreciation, Heat, Light and Power. Includes Dry House Consumption.	Does not include Depreciation.	Does not include Depreciation. Includes Bonuses & Group Life Insurance.	Includes most of Depreciation. Includes Bonuses & Group Life Insurance.	Includes full charges for Depreciation. Includes Bonuses & Group Life Insurance.	Includes Depreciation, Bonuses, etc. Does not include Group Life & Health Insurance.	Includes Depreciation, Bonuses, etc. Does not include Group Life & Health Insurance.	Includes Depreciation, Bonuses, etc. Does not include Group Life & Health Insurance.
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PLAINTIFFS' EXHIBIT P-109—2

SUPPLEMENTARY TO GRAIN MANUFACTURING COSTS.
CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED
STATEMENT OF GRAIN USED AT CORBYVILLE.

Exhibits.
P-109.
Schedules re
Grain and
Molasses
Spirits
manufac-
tured at
Corbyville,
1918-1929
—continued.

		Sept. 30th, 1926 Bushels	Sept. 30th, 1927 Bushels	Sept. 30th, 1928 Bushels	Sept. 30th, 1929 Bushels
10	BOURBON WHISKY:				
	Corn.....	18,053	60,234	177,699	194,762
	Rye.....	5,007	18,664	54,656	59,936
	Malt.....	3,460	13,920	40,996	44,970
		<hr/>	<hr/>	<hr/>	<hr/>
		26,520	92,818	273,451	299,668
		<hr/>	<hr/>	<hr/>	<hr/>
	AMER. RYE WHISKY:				
	Rye.....	12,382	140,889	413,307	446,924
	Malt.....	3,218	37,915	112,717	148,045
		<hr/>	<hr/>	<hr/>	<hr/>
		15,600	178,804	526,024	594,969
		<hr/>	<hr/>	<hr/>	<hr/>
20	CAN. RYE WHISKY:				
	Corn.....	190,014	257,365	149,953	117,390
	Rye.....	45,644	18,283	10,890	8,383
	Malt.....	27,430	31,829	19,754	14,005
		<hr/>	<hr/>	<hr/>	<hr/>
		263,088	307,477	180,597	139,778
		<hr/>	<hr/>	<hr/>	<hr/>
	SCOTCH:				
	Corn.....	5,970	.....	.....	.....
	Rye.....	.150	.....	.....	.....
	Malt.....	2,040	.....	.....	.....
		<hr/>	<hr/>	<hr/>	<hr/>
30		8,160	.....	.....	.....
		<hr/>	<hr/>	<hr/>	<hr/>
	BARLEY "C":				
	Rye.....	39	.....	.....	.....
	Malt.....	1,487	.....	.....	.....
		<hr/>	<hr/>	<hr/>	<hr/>
		1,526	.....	.....	.....
		<hr/>	<hr/>	<hr/>	<hr/>
	MALT:				
	Rye.....	35	.....	.....	.....
	Malt.....	300	.....	.....	.....
		<hr/>	<hr/>	<hr/>	<hr/>
40		335	.....	.....	.....
		<hr/>	<hr/>	<hr/>	<hr/>
	GRAND TOTAL:				
	Corn.....	214,037	317,599	327,653	312,153
	Rye.....	63,257	177,836	478,853	515,243
	Malt.....	37,935	83,664	173,466	207,019
		<hr/>	<hr/>	<hr/>	<hr/>
		315,229	579,099	979,972	1034,415
		<hr/>	<hr/>	<hr/>	<hr/>

759,

Exhibits.

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P-109.
Schedules *re*
Grain and
Molasses
Spirits
manufac-
tured at
Corbyville,
1918-1929
—*continued.*

Exhibits.
 P-145.
 Statement
 of gross
 sales, Cana-
 dian Indus-
 trial Alcohol
 Co. and sub-
 sidiaries,
 \$6,832,718.95,
 30th Sept-
 ember 1929

PLAINTIFFS' EXHIBIT P-145

**CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED AND SUB-
 SIDIARIES INCLUDING ROBERT McNISH & COMPANY
 LIMITED**

10 STATEMENT OF GROSS SALES AS AT 30th SEPTEMBER 1929

	Gross sales
Canadian Industrial Alcohol Company Limited.....	\$ 533,293.65
Consolidated Distilleries Limited.....	4,268,158.54
Consolidated Distilleries Limited—Vancouver.....	156,490.15
Wiser's Distillery Limited.....	314,537.16
Canadian Industrial Alcohol Company of Manitoba Limited.....	49,265.32
Consolidated Distilleries of Manitoba Limited.....	175,642.13
J. M. Douglas & Company Limited.....	104,837.98
St. Hyacinthe Distillery Company Limited.....	61,727.28
Canadian Cuban Export Company Limited.....	78,148.40
Robert McNish & Company Limited.....	1,090,618.34
	<hr/>
	\$6,832,718.95

30

PLAINTIFFS' EXHIBIT P-142

CONSOLIDATED DISTILLERIES LIMITED AND SUBSIDIARIES

**STATEMENT SHOWING NUMBER OF CASES SOLD FOR FISCAL YEARS ENDED
 30TH SEPTEMBER**

P-142.
 Compara-
 tive total
 sales by
 Consoli-
 dated Dis-
 tilleries,
 1924 to
 1930.

	1924	1925	1926	1927	1928	1929	Oct.- Feb. 1928-29	Oct.- Feb. 1929-30
Domestic....		53,716	58,698	77,141	132,113	130,419	55,682	42,873
Export.....		21,174	62,455	59,555	155,680	173,063	104,753	27,193
Duty Paid...		156,287	213,314	205,329	168,125	91,865	53,094	21,209
Total.....	281,206	231,177	334,467	342,025	455,918	395,347	213,529	91,275

40

10

Exhibits.
 P-141.
 Comparative statement of sales to Provincial Liquor Commissions by Consolidated Distilleries, 1926 to 1930.

PLAINTIFFS' EXHIBIT P-141

CONSOLIDATED DISTILLERIES LIMITED AND SUBSIDIARIES

STATEMENT SHOWING NUMBER OF CASES SOLD BY PROVINCES AND FISCAL YEARS ENDED 30TH SEPTEMBER

	1926	1927	1928	1929	Total	Oct., 1928 to Feb., 1929	Oct., 1929 to Feb., 1930
20 New Brunswick	600	2,850	5,750	5,775	14,975	2,175	1,700
Quebec	36,625	38,425	39,950	33,145	148,145	13,090	8,975
Ontario	2,880	20,930	65,747	74,437	163,994	33,598	27,009
Manitoba	16,768	14,185	4,273	3,100	38,326	1,500	875
30 Saskatchewan			9,500	9,850	19,350	4,205	1,900
Alberta	1,225		5,218	2,622	9,065	464	1,764
British Columbia	600	751	1,675	1,490	4,516	650	650
Total	58,698	77,141	132,113	130,419	398,371	55,682	42,873

40

762.

Exhibits.

P-140.
Weekly
Report of
sales,
Canadian
Industrial
Alcohol
Company,
22nd March
1930.

PLAINTIFFS' EXHIBIT P-140

CONSOLIDATION

DAILY REPORT OF SHIPMENTS

(BEVERAGE)

MONTREAL, Week ending March 22nd 1930.

COPY

P-140

DESCRIPTION		THIS DATE THIS YEAR	SAME DATE LAST YEAR	THIS MONTH THIS YEAR	SAME MONTH LAST YEAR	INCREASE OVER LAST YEAR	DECREASE UNDER LAST YEAR	TOTAL THIS FISCAL YEAR	TOTAL SAME PERIOD LAST YEAR	INCREASE OVER LAST YEAR	DECREASE UNDER LAST YEAR
CONSOLIDATED DISTILLERIES, Limited											
CASES:	DOMESTIC			2896	3455		559	34204	43083		8879
	EXPORT			11375	7480	3895		38567	104933		66366
	EXPORT D.P.			2105	4900		2795	20591	50769		30178
				16376	15835	541		93362	196765		105423
BULK WHISKY:	DOMESTIC							357	438		81
	EXPORT							264	114	150	
	EXPORT D.P.							621	552	69	
								2838	1460	1378	
BULK ALCOHOL:	DOMESTIC										
	EXPORT										
	EXPORT D.P.										
								2838	1460	1378	
ST. HYACINTHE DISTILLERY CO. Limited											
CASES:	DOMESTIC										
	EXPORT										
	EXPORT D.P.										
BULK WHISKY:	DOMESTIC										
	EXPORT										
	EXPORT D.P.										
BULK ALCOHOL:	DOMESTIC							44149	25122	19027	
	EXPORT										
	EXPORT D.P.										
								44149	25122	19027	
CON. DISTILLERIES OF MANITOBA, Limited											
CASES:	DOMESTIC				325		325	4439	6444		2005
	EXPORT										
	EXPORT D.P.										
					325		325	4439	6444		2005
BULK WHISKY:	DOMESTIC							30		30	
	EXPORT										
	EXPORT D.P.							30		30	
BULK ALCOHOL:	DOMESTIC				1107		1107	744	5576		4832
	EXPORT										
	EXPORT D.P.										
					1107		1107	744	5576		4832
CON. DISTILLERIES LIMITED, VANCOUVER											
CASES:	DOMESTIC							650	650		
	EXPORT										
	EXPORT D.P.			126	247		121	2521	4492		1971
				126	247		121	3171	5142		1971
BULK WHISKY:	DOMESTIC										
	EXPORT										
	EXPORT D.P.										
BULK ALCOHOL:	DOMESTIC				132		132	198	1101		903
	EXPORT										
	EXPORT D.P.										
					132		132	198	1101		903
WISER'S DISTILLERY, LIMITED											
CASES:	DOMESTIC			1065	2000		935	7541	11285		3744
	EXPORT			1600		1600		1601	7300		5699
	EXPORT D.P.			106		106		434	2980		2546
				2771	2000	771		9576	21565		11989
BULK WHISKY:	DOMESTIC										
	EXPORT										
	EXPORT D.P.										
BULK ALCOHOL:	DOMESTIC										
	EXPORT										
	EXPORT D.P.										
CONSOLIDATION (ALL COMPANIES)											
CASES:	DOMESTIC			3961	5780		1819	46834	61462		14628
	EXPORT			12975	7480	5495		40168	112233		72065
	EXPORT D.P.			2337	5147		2810	23546	58241		34695
				19273	18407	866		110548	231936		121388
BULK WHISKY:	DOMESTIC							30		30	
	EXPORT							357	438		81
	EXPORT D.P.							264	114	150	
BULK ALCOHOL:	DOMESTIC				1239		1239	47929	33259	14670	
	EXPORT										
	EXPORT D.P.										
					1239		1229	47929	33259	14670	

763

Exhibits.

D-91.

**Weekly
Report of
shipments
by Canadian
Industrial
Alcohol Co.,
Ltd.,
31st March
1930.**

CONSOLIDATION

D91

DAILY REPORT OF SHIPMENTS
(BEVERAGE)

MONTREAL, Month Ending March 31st, 1930

DESCRIPTION	THIS DATE THIS YEAR	SAME DATE LAST YEAR	THIS MONTH THIS YEAR		INCREASE OVER LAST YEAR		TOTAL THIS FISCAL YEAR	TOTAL SAME PERIOD LAST YEAR	INCREASE OVER LAST YEAR	
			SAME MONTH LAST YEAR	SAME MONTH LAST YEAR	INCREASE OVER LAST YEAR	DECREASE UNDER LAST YEAR			INCREASE OVER LAST YEAR	DECREASE UNDER LAST YEAR
CONSOLIDATED DISTILLERIES, Limited										
CASES:	DOMESTIC		3596	4910		1314	34904	44538		9634
	EXPORT		12670	7253	5417		39862	104706		64844
	EXPORT D.P.		3786	6320	2534		22272	52189		29917
			20052	18483	1569		97038	201433		104395
BULK WHISKY:	DOMESTIC						357	438		81
	EXPORT						264	114	150	
	EXPORT D.P.						621	552	69	
							2838	1460	1378	
BULK ALCOHOL:	DOMESTIC						2838	1460	1378	
	EXPORT									
	EXPORT D.P.									
							2838	1460	1378	
ST. HYACINTHE DISTILLERY CO. Limited										
CASES:	DOMESTIC									
	EXPORT									
	EXPORT D.P.									
BULK WHISKY:	DOMESTIC									
	EXPORT									
	EXPORT D.P.									
BULK ALCOHOL:	DOMESTIC						44149	25122	19027	
	EXPORT									
	EXPORT D.P.						44149	25122	19027	
CON. DISTILLERIES OF MANITOBA, Limited										
CASES:	DOMESTIC		600	425	175		5039	6544		1505
	EXPORT									
	EXPORT D.P.									
			600	425	175		5039	6544		1505
BULK WHISKY:	DOMESTIC						30		30	
	EXPORT									
	EXPORT D.P.						30		30	
BULK ALCOHOL:	DOMESTIC			1107		1107	744	5576		4832
	EXPORT									
	EXPORT D.P.									
				1107		1107	744	5576		4832
CON. DISTILLERIES LIMITED, VANCOUVER										
CASES:	DOMESTIC			25		25	650	675		25
	EXPORT			1		1		1		1
	EXPORT D.P.		395	246	149		2790	4491		1701
			395	272	123		3440	5167		1727
BULK WHISKY:	DOMESTIC									
	EXPORT									
	EXPORT D.P.									
BULK ALCOHOL:	DOMESTIC			215		215	198	1184		986
	EXPORT									
	EXPORT D.P.									
				215		215	198	1184		986
WISER'S DISTILLERY, LIMITED										
CASES:	DOMESTIC		1065	2600		1535	7541	11885		4344
	EXPORT		1600		1600		1601	7300		5699
	EXPORT D.P.		60	300	240		388	3280		2892
			2725	2900	175		9530	22465		12795
BULK WHISKY:	DOMESTIC									
	EXPORT									
	EXPORT D.P.									
BULK ALCOHOL:	DOMESTIC									
	EXPORT									
	EXPORT D.P.									
CONSOLIDATION (ALL COMPANIES)										
CASES:	DOMESTIC		5261	7960		2699	48134	63642		15508
	EXPORT		14270	7254	7016		41463	112007		70544
	EXPORT D.P.		4241	6866	2625		25450	59960		34510
			23772	22080	1692		115047	235609		120562
BULK WHISKY:	DOMESTIC						30		30	
	EXPORT						357	438		81
	EXPORT D.P.						264	114	150	
							651	552	99	
BULK ALCOHOL:	DOMESTIC			1322		1322	47929	33342	14587	
	EXPORT									
	EXPORT D.P.									
				1322		1322	47929	33342	14587	

764.

Exhibits.

P-181.
Weekly
report of
sales,
Canadian
Industrial
Alcohol
Company,
5th April
1930.

P-181

CONSOLIDATION

DAILY REPORT OF SHIPMENTS
(BEVERAGE)

MONTREAL, Week ending April 5th 1930

DESCRIPTION	THIS DATE THIS YEAR	SAME DATE LAST YEAR	THIS MONTH THIS YEAR	SAME MONTH LAST YEAR	INCREASE OVER LAST YEAR	DECREASE UNDER LAST YEAR	TOTAL THIS FISCAL YEAR	TOTAL SAME PERIOD LAST YEAR	INCREASE OVER LAST YEAR	DECREASE UNDER LAST YEAR
CONSOLIDATED DISTILLERIES, Limited										
CASES: DOMESTIC			1248	700	548		36152	45238		9086
EXPORT			135	575		440	39997	105281		65284
EXPORT D.P.			984	1120		136	23256	53309		30058
			2367	2395		28	99405	203828		104423
BULK WHISKY: DOMESTIC							357	438		81
EXPORT							264	114	150	
EXPORT D.P.							621	552	69	
BULK ALCOHOL: DOMESTIC			1064		1064		3902	1460	2443	
EXPORT										
EXPORT D.P.										
			1064		1064		3902	1460	2442	
ST. HYACINTHE DISTILLERY CO. Limited										
CASES: DOMESTIC										
EXPORT										
EXPORT D.P.										
BULK WHISKY: DOMESTIC										
EXPORT										
EXPORT D.P.										
BULK ALCOHOL: DOMESTIC							44149	25122	19027	
EXPORT										
EXPORT D.P.										
							44149	25122	19027	
CON. DISTILLERIES OF MANITOBA, Limited										
CASES: DOMESTIC							5039	6544		1505
EXPORT										
EXPORT D.P.										
							5039	6544		1505
BULK WHISKY: DOMESTIC							30		30	
EXPORT										
EXPORT D.P.										
							30		30	
BULK ALCOHOL: DOMESTIC							744	5576		4832
EXPORT										
EXPORT D.P.										
							744	5576		4832
CON. DISTILLERIES LIMITED, VANCOUVER										
CASES: DOMESTIC							650	675		25
EXPORT								1		1
EXPORT D.P.				275		275	2790	4766		1976
				275		275	3440	5442		2002
BULK WHISKY: DOMESTIC										
EXPORT										
EXPORT D.P.										
BULK ALCOHOL: DOMESTIC				17		17	198	1201		1003
EXPORT										
EXPORT D.P.										
				17		17	198	1201		1003
WISER'S DISTILLERY, LIMITED										
CASES: DOMESTIC			3		3		7544	11885		4341
EXPORT			1000		1000		2601	7300		4699
EXPORT D.P.			20		20		408	3280		2872
			1023		1023		10653	22465		11912
BULK WHISKY: DOMESTIC										
EXPORT										
EXPORT D.P.										
BULK ALCOHOL: DOMESTIC										
EXPORT										
EXPORT D.P.										
CONSOLIDATION (ALL COMPANIES)										
CASES: DOMESTIC			1251	700	551		49385	64342	27	14957
EXPORT			1135	575	560		42598	112582	47	69984
EXPORT D.P.			1004	1395		391	26454	61355	26	34901
			3390	2670	720		118437	238279		119842
BULK WHISKY: DOMESTIC							30		30	
EXPORT							357	438		81
EXPORT D.P.							264	114	150	
BULK ALCOHOL: DOMESTIC			1064	17	1047		48993	33359	15634	✓
EXPORT										
EXPORT D.P.										
			1064	17	1047		48993	33359	15634	

Exhibits.

PLAINTIFFS' EXHIBIT P-165

YEAR 1926

P-165.
Abstract from Excise Statistics of returns of spirits ex-warehoused for duty, &c., by Canadian Industrial Alcohol Co., Ltd., and subsidiaries; Gooderham & Worts and Hiram Walker & Sons, Ltd., and Distillers—Seagram, Year 1926.

EXCISE DIVISION:

Abstract from licensed Distillers' monthly returns of Spirits ex-warehoused for duty, exportation and removal by the undermentioned Distilleries during the year 1926.

	Consolidated Distilleries, Ltd. (Belleville).....	466,528.69	p.g.
	Wisers Distillery, Ltd.	168,383.64	"
	St. Hyacinthe Distillery Co. Ltd.	89,786.19	"
10	Consolidated Distilleries of Manitoba, Ltd. ...	298,706.29	"
	Consolidated Distilleries, Ltd. (Vancouver)...	42,975.91	"
	Total.....		1,066,380.72 p.g.
	Canadian Industrial Alcohol Co. Ltd. Total.....		1,157,382.86 p.g.
	Gooderham & Worts, Ltd.	480,181.00	p.g.
	Hiram Walker & Scns, Ltd.	517,630.24	"
	Total.....		997,811.24 p.g.
20	Distillers Corporation, Ltd.	45,959.85	p.g.
	Joseph E. Seagram & Sons, Ltd.	94,865.81	"
	Total.....		140,825.66 p.g.

PLAINTIFFS' EXHIBIT P-166

YEAR 1927

EXCISE DIVISION:

30 Abstract from licensed Distillers' monthly returns of Spirits ex-warehoused for duty, exportation and removal by the undermentioned Distillers during the year 1927

P-166.
Abstract from Excise Statistics of returns of spirits ex-warehoused for duty, &c., by Canadian Industrial Alcohol Co., Ltd., and subsidiaries; Gooderham & Worts and Hiram Walker & Sons, Ltd., and Distillers—Seagram, Year 1927.

	Consolidated Distilleries, Ltd. (Belleville)....	722,456.15	p.g.
	Wisers Distillery, Ltd.	255,918.89	"
	St. Hyacinthe Distillery Co. Ltd.	138,249.28	"
	Consolidated Distilleries of Manitoba, Ltd. ...	46,016.35	"
	Consolidated Distilleries, Ltd. (Vancouver)...	56,960.42	"
	Total.....		1,219,601.09 p.g.
	Canadian Industrial Alcohol Co. Ltd. Total.....		723,468.57 p.g.
40	Gooderham & Worts, Ltd.	330,864.26	p.g.
	Hiram Walker & Sons, Ltd.	873,723.17	"
	Total.....		1,204,587.43 p.g.
	Distillers Corporation, Ltd.	189,934.57	p.g.
	Joseph E. Seagram & Sons, Ltd.	138,450.68	"
	Total.....		328,385.25 p.g.

Exhibits.

P-167.

Abstract from Excise Statistics of returns of spirits ex-warehoused for duty, &c., by Canadian Industrial Alcohol Co., Ltd., and subsidiaries; Gooderham & Worts and Hiram Walker & Sons, Ltd., and Distillers—Seagram, Year 1928.

PLAINTIFFS' EXHIBIT P-167

YEAR 1928

EXCISE DIVISION:

Abstract from licensed Distillers' monthly returns of Spirits ex-warehoused for duty, exportation and removal by the undermentioned Distillers during the year 1928.

10	Consolidated Distilleries, Ltd. (Belleville)....	846,687.53	p.g.	
	Wisers Distillery, Ltd.	344,425.92	"	
	St. Hyacinthe Distillery Co. Ltd.....	75,574.44	"	
	Consolidated Distilleries of Manitoba, Ltd....	38,158.59	"	
	Consolidated Distilleries Ltd. (Vancouver)...	37,744.42	"	
	Total.....			1,342,590.90 p.g.
	Canadian Industrial Alcohol Co. Ltd. Total.....			742,228.29 p.g.
	Gooderham & Worts, Ltd.	373,642.70	p.g.	
	Hiram Walker & Sons, Ltd.	1,056,092.67	"	
	Total.....			1,429,735.37 p.g.
20	Distillers Corporation, Ltd.....	432,495.34	p.g.	
	Joseph E. Seagram & Sons, Ltd.....	193,754.48	"	
	Total.....			626,249.82 p.g.

PLAINTIFFS' EXHIBIT P-168

YEAR 1929

EXCISE DIVISION:

Abstract from licensed Distillers' monthly returns of Spirits ex-warehoused for duty, exportation and removal by the undermentioned Distillers during the year 1929.

30	Consolidated Distilleries, Ltd. (Belleville)....	586,592.07	p.g.	
	Wisers Distillery, Ltd.	193,694.80	"	
	St. Hyacinthe Distillery Co. Ltd.....	61,425.60	"	
	Consolidated Distilleries of Manitoba, Ltd....	4,425,000	"	
	Consolidated Distilleries, Ltd. (Vancouver)...	15,732.45	"	
	Total.....			861,869.92 p.g.
	Canadian Industrial Alcohol Co. Ltd. Total.....			504,384.07 p.g.
40	Gooderham & Worts, Ltd.....	619,878.50	p.g.	
	Hiram Walker & Sons, Ltd.....	1,075,645.90	"	
	Total.....			1,695,524.40 p.g.
	Distillers Corporation, Ltd.....	999,810.51	p.g.	
	Joseph E. Seagram & Sons, Ltd.....	240,979.09	"	
	Total.....			1,240,789.60 p.g.

P-168.

Abstract from Excise Statistics of returns of spirits ex-warehoused for duty, &c., by Canadian Industrial Alcohol Co., Ltd., and subsidiaries; Gooderham & Worts and Hiram Walker & Sons, Ltd., and Distillers—Seagram, Year 1929.

Exhibits.
P-208.
 Consolidated
 Abstract
 from Excise
 Statistics
 (Exhibit
 P-165, 166
 and 168) *re*
 Spirits ex-
 warehoused
 by Canadian
 Industrial
 Alcohol Co.
 and Compe-
 titors, with
 percentages
 or Increases
 and De-
 creases
 annually
 (prepared
 by Geo. C.
 McDonald,
 C.A.),
 1926 to
 1929.

PLAINTIFFS' EXHIBIT P-208

ABSTRACT FROM LICENSED DISTILLERS' MONTHLY RETURNS OF SPIRITS EX-WAREHOUSED FOR DUTY, EXPORTATION AND REMOVAL BY
 THE UNDERMENTIONED DISTILLERIES DURING THE FOLLOWING YEARS:

Name	1926		1927		1928		1929	
	Proof Gallons	Percentage	Proof Gallons	Percentage	Proof Gallons	Percentage	Proof Gallons	Percentage
Canadian Industrial Alcohol Co. Ltd.....	1,157,382.86	34.42	723,468.57	20.81	742,228.29	17.93	504,384.07	11.72
do Subsidiaries.....	1,066,380.72	31.71	1,219,601.09	35.09	1,342,590.90	32.42	861,869.92	20.02
Hiram Walker Gooderham & Worts Ltd.....	997,811.24	29.68	1,204,587.43	34.65	1,429,735.37	34.53	1,695,524.40	39.43
Distillers Corp. Seagrams Ltd.	140,825.66	4.19	328,385.25	9.45	626,249.82	15.12	1,240,789.60	28.83
	<u>3,362,400.48</u>	<u>100.</u>	<u>3,476,042.34</u>	<u>100.</u>	<u>4,140,804.38</u>	<u>100.</u>	<u>4,302,567.99</u>	<u>100.</u>

**Exhibit Group No. 32: Canadian Industrial Alcohol Co.—
Comparison of Profits with Chief Competitors, 1927, 1928
and 1929**

Exhibits.

P-192.
Clipping
from Fi-
nancial
Post, with
details of
Income and
Surplus
Account ;
Dividends
and Stock
Market
trend of
Shares of
Canadian
Industrial
Alcohol
1926 to
1928,
14th Nov-
ember 1929.

PLAINTIFFS' EXHIBIT P-192

(The Financial Post, November 14th, 1929)

CAN. IND. ALCOHOL

10

Unfavorable Rumors Have Unsettling Influence on Stock

20 Various reports of an unfavorable nature have been going the rounds in connection with Canadian Industrial Alcohol with the result that the stock is now selling at considerably under its high for the year. A number of the directors have resigned from the board; dissatisfaction centres around the management. Further it is also claimed that the company has lost a considerable amount of business this year, and in some quarters it is even said that the dividend will be passed. In a recent statement, Lord Shaughnessy, president of the company, stated that the company would earn its dividend for the year ended September 30, 1929, but that earnings would probably not be as large as those reported in the previous year, which was an exceptionally prosperous period.

30 An important consideration when judging the investment merits of this company is the amount of alcohol which it has in storage. There are some 10,000,000 gallons of alcohol in storage, which, at nominal value of \$4 a gallon, would make for a total of about \$40,000,000, which represents an amount of over twice the current market value of the shares.

<i>Capitalization—</i>	Authorized	Outstanding
Com. Class " A "	1,000,000 shs.	969,480 shs.
Do., Class " B "	500,000 shs.	123,186 shs.

40

No par value. Class " B " shares have no voting power. It was created in Jan. 1928, by being issued as " rights " to shareholders of this company, whose shares are now known as Class " A " shares.

Funded Debt—

6% debentures due 1948 of Robert McNish & Co., \$5,000,000.

Exhibits.

P-192.
Clipping from Financial Post, with details of Income and Surplus Account; Dividends and Stock Market trend of Shares of Canadian Industrial Alcohol, 1926 to 1928, 14th November 1929—continued.

Dividend Record—

Both classes, present rate \$1.52 per annum, payable Jan., April, July and Oct. 15, 25c bonus paid Jan., 1929.

*Officers—*Rt. Hon. Lord Shaughnessy, K.C., pres.; J. G. Lawrence, sec.; S. G. Turnbull, treas.; E. Lauster, Col. F. M. Gaudet, Archibald Kelly, Fisher Wilmore, vice-presidents.

10 *Directors—*Rt. Hon. Lord Shaughnessy, E. Lauster, Montreal; F. Wilmore, Corbyville.

INCOME AND SURPLUS ACCOUNT
(Years Ended September 30)

	1928	1927	1926
	\$	\$	\$
Net profits	3,136,680	2,413,996	2,109,851
Less appropriations:			
Com. div.	1,614,042	1,189,229	1,024,000
Stock bonus		807,900	
Surp. for year	1,522,638	416,867	1,085,851
Add: Prev. surp.	1,837,745	1,420,878	335,027
Surplus from former co.	1,296,463	1,296,463	1,296,462
Bal. car, fwd.	4,656,846	3,134,208	2,717,340
<i>Earnings on Capital Stock—</i>			
Earned	\$2.90	\$2.48	\$2.63
Paid	1.52	1.28	1.28

Market Record—

	*1929		1928		1927	
	H	L	H	L	H	L
Class " A "	45	14	50½	35¼	45½	21¼
Class " B "	40	13	47½	35		

* To Oct. 7.

PLAINTIFFS' EXHIBIT P-193

HIRAM WALKER-G. & W.

Profits Continue to Grow; Amount of Alcohol in Storage Increasing

Hiram Walker-Gooderham and Worts, Ltd., is one of the largest distillers in Canada and is becoming an increasingly important factor in the industrial alcohol business. Modern plants are operated at

40 P-193.
Clipping, Financial Post, with details of Income and Surplus Account; Dividends and Stock Market trend of Shares of Hiram Walker-Gooderham & Worts, 1928 and 1929, 14th November 1929.

P-193.
Clipping,
Financial
Post, with
details of
Income and
Surplus
Account;
Dividends
and Stock
Market
trend of
Shares of
Hiram
Walker-
Gooderham
& Worts,
1928 and
1929,
14th Nov-
ember 1929
—continued.

Walkerville and Toronto and the storage of maturing alcohol now totals nearly 13,000,000 gallons and is being constantly increased. The company is excellently managed.

10 The company manufactures many brands of rye and Scotch whiskey, as well as brandy and other liquors. The best known brand is the Hiram Walker Canadian Club, which finds a market all over the world. The company is excellently managed and at the present time has ample reserves of cash as well as great assets in the amount of alcohol in the rack warehouses.

The falling off in the amount of Canadian beverages finding their way to the United States may have affected somewhat the output of Walker's, but interests close to the management insist that the total cessation of this business would not be a serious blow to the company, so important have become the domestic markets and the markets in foreign countries other than the United States.

20 It will be noted that earnings of Hiram Walker were greater in the last fiscal year than in the previous year. There was a moderate increase in the earnings per share also, despite the fact that the outstanding stock had been increased by a split and by rights to shareholders. The stock, in common with all the other beverage stocks with one exception, has suffered severely in the market. The outlook remains reasonably good, although the holder must remember the psychological and legislative hazard which surrounds an issue of this character.

Capitalization—

30	Authorized	Outstanding
	Com. (n.p.v.)	Com. (n.p.v.)
	3,500,000 shs.	2,640,000 shs.

In May, 1929, the authorized stock was increased from 750,000 shares, and the issued stock split 3 for 1. Rights were also issued to shareholders for the purchase of new stock at \$15 on the basis of one new share for each share held, rights expiring June 4, 1929.

Dividend Record—

40 Present rate, \$1 per share per annum, payable quarterly, Mar., June, Sept., and Dec. 15. Prior to the stock split, \$1.50 per share was paid on old stock in fiscal year ending Aug. 31, 1928; \$2.25 for 3 quarters to Mar. 15, 1929.

Funded Debt—

None.

Officers and Directors—

W. J. Hume, pres. and gen. mgr., Walkerville; F. Wellington Hay, vice-pres., Listowel; Fletcher Ruark, sec.-treas.; H. C. Hatch, chairman of the board; F. K. Morrow, J. F. Lash, E. D. Gooderham, W. H. Mara, H. F. Marriot, W. S. Rainer, Toronto; Duncan McLeod, Glasgow, Scotland.

Executive Committee—

10 H. C. Hatch, W. J. Hume, F. K. Morrow.

CONSOLIDATED INCOME AND SURPLUS ACCOUNT
(Years Ended August 31)

	1929	1928
	\$	\$
Net profit	4,117,668	3,442,378
Less: Dividends	1,971,249	957,203
20 Surplus for year*	2,146,419	2,485,175
Add: Previous surplus	5,156,283	2,671,108
Less: Income Tax for previous year	218,528	.....
Balance	7,084,174	6,156,283

Exhibits.

P-193.

Clipping, Financial Post, with details of Income and Surplus Account; Dividends and Stock Market trend of Shares of Hiram Walker-Gooderham & Worts, 1928 and 1929, 14th November 1929—*continued.*

* Before provision for income tax.

30 *Earnings Per Share and Dividend Record:*

Common:

Earned (Based on old capitalization before split)	\$6.24	\$5.22
Earned (based on present capitaliz.) ..	1.56	1.30
Paid	‡2.50	1.50

‡ Consisting of \$2.25 on old stock and 25 cents on the new stock.

40 *Market Record—(Calendar Year)—*

Common:

	‡1929	1928
High	28½	91
Low	12½	61½

‡ New stock. To Oct. 14.

PLAINTIFFS' EXHIBIT P-194

(The Financial Post, November 14th, 1929.)

DISTILLERS-SEAGRAMS

Company Has Built Up Strong Position Since Inception

Exhibits.
—
P-194.
Clipping,
Financial
Post, with
details of
Income and
Surplus
Account;
Dividends
and Stock
Market
trend of
Shares of
Distillers—
Seagram,
1928 and
1929,
14th Nov-
ember 1929.

10

The long awaited financial statement of Distillers Corporation-Seagram, published recently, revealed that the company has built up a sound financial position and that earnings are sufficient to warrant the distribution of a dividend on the common stock. Rights have been offered to shareholders to purchase new stock which will supply the company with a sufficient amount of working capital after liquidation of some special loans which are outstanding.

20 The company operates a large distilling plant at Lasalle, near Montreal, consisting of a Kentucky bourbon plant, a Canadian rye plant, two grain whiskey plants and a modern gin plant with a total capacity of nearly 4,000,000 gallons of spirits a year.

In addition to this, the company's distillery at Waterloo, Ontario, has a capacity of 1,000,000 gallons per year and possesses all equipment necessary for distilling rye whiskeys and storing spirits.

30 Through its association with Distillers Company of Edinburgh, Distillers Corporation-Seagram has the right to blend and bottle the parent company's products for the Canadian and export trade.

CAPITALIZATION—	Authorized	Issued
Com. (n.p.v.)	2,000,000 sh.	1,500,000 shs.

The new company acquired the shares of Seagram's and Distillers Corp. on a share for share basis. Seagram shareholders were also given the opportunity, up to April 16, 1928, to purchase one new share at \$10 for each two shares held.

40 FUNDED DEBT—

None.

DIVIDEND RECORD—

Common—\$1 per annum, payable quarterly, Feb., May, Aug. and Nov. 15.

Initial dividend of 25 cents paid Oct., 1928.

OFFICERS AND DIRECTORS—

OFFICERS—W. H. Ross, pres.; S. Bronfman, vice.-pres.; Allan Bronfman, sec.-treas.; H. F. Glace, compt.

DIRECTORS—W. H. Ross, Edinburgh, Scotland; W. B. Cleland, Hamilton, Ont.; S. Bronfman, Allan Bronfman, Montreal.

10 CONSOLIDATED INCOME AND SURPLUS ACCOUNT
(Periods, Mar. 2 to July 31, 1928, and Aug. 1, 1928, to July 31, 1929)

Earn. from oper., Mar. 2-July 31, 1928	533,588
Earn. from oper., Aug. 1, 1928-July 31, 1929	2,562,324
Total net earn., Mar. 2, 1928, to July 31, 1929	3,095,912

Less:

20 Interest on loans & advances, Aug. 1, 1928, to July 31, 1929	160,051
Depreciation, Aug. 1, 1928 to July 31, 1929	114,307
Organization expense, Mar. 2 to July 31, 1928	25,358
Income tax, Mar. 2 to July 31, 1928	37,320
Net profit for period Mar. 2, 1928, to July 31, 1929, subject to tax for year ended July 31, 1929	2,758,876
Less appropriation:	
Common dividend, Oct. 1928	375,002
30 Balance carried forward	2,383,874

EARNINGS PER SHARE AND DIVIDEND RECORD:

Common:

Earned †	\$1.84
Paid .....	.25

40 †During period March 2, 1928, to July 31, 1929. In the 12 months ended July 31, 1929, the common shares earned \$1.52 per share before provision for income tax for that period.

MARKET RECORD—

	*1929		1928	
	H	L	H	L
Common	28 ³ / ₄	14	24 ¹ / ₄	13

*To Oct. 14.

Exhibits.
P-194.
Clipping,
Financial
Post, with
details of
Income and
Surplus
Account;
Dividends
and Stock
Market
trend of
Shares of
Distillers—
Seagram,
1928 and
1929,
14th Nov-
ember 1929
—continued.

Exhibits.
P-209.
 Comparative Earnings of Canadian Industrial Alcohol Co. and Competitors, with percentages of Increases and Decreases annually (prepared by Geo. C. McDonald, C.A.), 1927 to 1929.

10

PLAINTIFFS' EXHIBIT P-209

**COMPARATIVE NET EARNINGS OF
 CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED
 HIRAM WALKER-GOODERHAM & WORTS LIMITED**

AND

20

DISTILLERS CORPORATION-SEAGRAM'S LIMITED

	1927	1928	1929	%
Canadian Industrial Alcohol Limited.....	*2,413,996.05	*3,136,680.14	*2,073,977.46	= .33
Hiram Walker-Gooderham & Worts, Limited.....	Not available	†3,442,378.23	†4,117,668.11	+ .20
Distillers Corporation-Seagram's Limited.....	Not available	Ø470,910.00	Ø2,287,963.00	+100

30 *For the fiscal year ended 30th September. The figures are after deducting Income Tax and in 1929 include dividends from associated companies.

†For the fiscal year ended 31st August. The figures are before deducting Income Tax.

ØIn 1928 the earnings shown are from 2nd March 1928 to 31st July 1928, and in 1929 for the year ended 31st July, 1929.

40

PLAINTIFFS' EXHIBIT P-236

**Exhibit Group No. 33: Canadian Industrial Alcohol Co.—
Correspondence, Etc., re Proposed Merger**

3rd October, 1929.

Exhibits.

—
P-236.

Letter
to Lord
Shaugh-
nessy from
Lady Davis,
3rd October
1929.

Dear Lord Shaughnessy,

10 I have been very much disturbed in my mind during the past few weeks by persistent rumours that negotiations are being conducted with one group or another for the sale of the Alcohol Company. While there may be nothing in these rumours I cannot help but feel that where there is so much smoke there must be some fire and that although I am an Executor of the Estate and a Director of the incorporated Company I am being kept very much in the dark.

20 It has recently come to my ears that Mr. Jennison has been dispatched to the other side in connection with matters in which I am naturally very much interested. I would be glad to know whether this is so and what is really going on. Insofar as Sir Mortimer Davis Inc. is concerned, I understood that you agreed with me that Mr. Jennison's engagement was unnecessary and that you were to terminate whatever arrangements had been contemplated. Have you reconsidered your decision, and, if so, why?

30 I have no desire to work in conflict with you but if we are to work together I certainly feel that I should be kept more fully advised. I would be glad to hear from you at your earliest convenience as well as to make an appointment to discuss matters with you if you feel there is anything which it is not advisable to put in writing at the present time.

Yours sincerely,

ELEANOR DAVIS.

DEFENDANTS' EXHIBIT D-10

D-10.

Letter to
Lady Davis
from Lord
Shaugh-
nessy,
4th October
1929.

40

Oct. 4th, 1929

Montreal

My dear Lady Davis,

On my return this morning I received your letter of the 3rd inst. To my certain knowledge there has not even been a suggestion of negotiating with any one concerning the sale of the Alcohol Shares, and during my absence apart from interviewing the Liquor Com-

missioners in the various Provinces I have not seen any one even remotely connected with the business.

This rumour must therefore be added to the many which have adorned the press recently and for which I am at a loss to account.

I can assure you however that not even a commencement of discussion will ever take place without you being fully consulted and advised. As far as I know Jennison went to England on matters solely concerning himself and his visit has nothing whatever to do with our connection with him.

I have not changed my mind about eliminating him eventually but am waiting until he is in a position to take the Shares off our hands. In the meantime rest assured that we shall have no further dealings without full and complete discussion. I really think it would be well if we had a meeting to discuss matters of importance to us all and if I may will give you a ring in the beginning of the week.

Sincerely yours,

SHAUGHNESSY.

20

EXHIBIT D-96

(Clipping from Toronto Financial Post, 10th October, 1929)

DISTILLERY MERGER AGAIN

LOOMS LARGE IN PUBLIC VIEW

Emphasis to be Laid Upon Its Industrial Aspects

STOCK SELLS EVEN

All Three Companies Principally Involved Reported to be in Sound Financial Shape

40

During the past week additional weight has been given to the reported movement looking toward a merger of all the larger distillery interests in the Dominion, both because of the presence in this country of leading directors of Distillers Corporation of Edinburgh—the largest organization of its kind in the world—and the

Exhibits.

D-10.

Letter to
Lady Davis
from Lord
Shaugh-
nessy,
4th October
1929—con-
tinued.

D-96.

Clipping
from
Financial
Post re
Canadian
Industrial
Alcohol Co.,
Ltd.,
10th Octo-
ber 1929.

Exhibits.

D-96.
Clipping
from
Financial
Post re
Canadian
Industrial
Alcohol Co.,
Ltd.,
10th Octo-
ber 1929—
continued.

fact that the individual issues have been selling in the open market at about the same level.

Harry Ross, a son of the chairman of Distillers Corporation of Edinburgh, and Thomas Herd, both of them directors of that organization, are at present in Montreal, and will remain there until after the annual meeting of Distillers Corporation-Seagram, which is to be held in that city on the 18th inst.

10

SELL NEAR SAME LEVEL

Meanwhile the stocks of Walker's-Gooderham and Worts, Canadian Alcohol and Distillers-Seagram have all been changing hands in the vicinity of 16—a fact that is held by many to possess a good deal of significance in the existing circumstances.

20

There is no denying that if the three companies mentioned were to join forces a long step would be taken toward solidifying the position of the distillery interests in Canada. By this means all of the principal “ brands ”—those that have become thoroughly established in popular favor over a long period of years—would be made amenable to the one directing force and would have their avenues of sale greatly simplified. In addition, economies that could then be introduced would result in much larger net earnings for the combined companies.

The market value given to the stocks of the three companies at 16 would result in a total capitalization of almost \$84,000,000.

DISTILLERS-SEAGRAMS EXPANDS

30

Distillers Corporation-Seagrams, which was incorporated in 1928 as a holding company to acquire the entire capital stock of Distillers Corporation, of Montreal, and Joseph E. Seagram and Sons, of Waterloo, brought its accounts for the past fiscal year to a close on September 20, 1929, and the financial statement for the period will be ready for the shareholders early next week. W. B. Cleland, one of the directors, is authority for the statement that a very satisfactory situation will be disclosed. Stocks of alcohol on hand have been greatly enlarged and sales have been materially increased. The plant at La Salle, Que., was already one of the largest distilling plants in the world, having a total capacity in excess of 3,000,000 gallons of spirits per annum, the output including Scotch, rye and Bourbon whiskies and gin. The plant at Waterloo has been practically rebuilt since the British interests assumed control and its capacity has been doubled. In addition to a distilling capacity of approximately 1,000,000 gallons of whiskey per annum, the plant possesses all the equipment necessary for the storing of spirits. The

40

combined bottling capacity of the two plants is close upon 3,500 cases per day.

WALKER'S DIVIDEND ASSURED

Hiram Walker-Gooderham and Worts, despite the recent drastic decline in the price of the stock, which carried it from a high of the year of 28½ to a low of 12½, is reported to be well maintaining its revenues. Those who are conversant with the situation at Windsor in regard to exports say that last year in September when the river
10 was open the earnings were not as good as they were during the past August when the river was closed. This is a statement which will come as a surprise to a great many who have been liquidating their holdings in the fear that the action of the American Government **would result in a loss of revenue** for the company. The dividend is consequently in no danger either of being decreased or discontinued. One of the leading lawyers in the country is said to have given it as his opinion that the King Government would not think of cutting off liquor exports to the United States, as by doing so a great deal of
20 its prestige in Quebec would be gone at once. The only cloud on the horizon would appear to be the possibility of Ontario going dry as an outcome of the October 30 elections. The component companies still operate as separate units, their plants having a capacity output of approximately 11,000,000 Imperial gallons of spirits per annum. During the past fiscal year a new rack warehouse was completed at the Walkerville plant, which has a capacity of 1,500,000 gallons, and is completely stocked with maturing spirits. The warehouses of the company contained, as at August 31, 1929, 12,500,000 Imperial gallons of spirits.

30

INDUSTRIAL ALCOHOL RECOVERS

The stock of the Canadian Industrial Alcohol Company, suffered drastically in the markets during recent months as a result not only of the difficulties which were thought to surround the export of whiskies to the United States but more perhaps by reason of liquidation which was believed to be of the forced variety. An effort has been made to explain this development, but the principal reason advanced has been officially denied. Whatever the source of the selling it had the effect of carrying the stock back from 45 to 14,
40 much to the confusion of those who had bought at the first mentioned level. All the time that the selling was in progress, Lord Shaughnessy, the president of the company, insisted that there was no apparent reason for the decline, maintaining that inherently the position of the company was absolutely sound. Canadian Industrial Alcohol is engaged in the production and wholesale distribution of alcohol and spirits, its plants embracing distilleries at Corbyville, Ont., Prescott, Ont., Ste. Hyacinthe, Que., St. Boniface, Man., and

Exhibits.
D-96.
Clipping
from
Financial
Post re
Canadian
Industrial
Alcohol Co.,
Ltd.,
10th Octo-
ber 1929—
continued.

Exhibits.
D-96.
Clipping
from
Financial
Post re
Canadian
Industrial
Alcohol Co.,
Ltd.,
10th Octo-
ber 1929—
continued.

Vancouver, B.C. The company likewise maintains a number of widely dissevered warehouses for distributing purposes. The main distillery at Corbyville, has a capacity of 6,000,000 gallons of spirits per annum, in addition to steel tanks with a capacity of 2,400,000 gallons of molasses. There is now in process of construction at Lindsay, Ont., at an approximate cost of \$150,000, a new plant for the output of wood alcohol and by-products and this, it is expected, will be completed and ready for operations around November 1.

10

CANADA VINEGAR MENTIONED

The recent option given on the stock of the Canada Vinegar Company at \$50 is said in some quarters to be not unassociated with the distillery merger just outlined. There is a disposition on the part of the promoters to give the new company, when formed, more of an industrial aspect than would be the case if the subsidiaries were all engaged directly in the production of liquors. This phase would be emphasized to some extent if Canadian Industrial Alcohol were to form part of the merger, but would be still further exploited when the Canada Vinegar Company also became, if such proves to be the case, a part of the amalgamation.

20

DEFENDANTS' EXHIBIT D-109

(Clipping from Financial Post, 10th October, 1929)

30 MONTREAL SAYS INDUST. ALCOHOL OPPOSED TO PLAN

D-109.
Clipping
from
Financial
Post re
Canadian
Industrial
Alcohol Co.,
Ltd.,
10th Octo-
ber 1929.

(From Our Own Correspondent)

40 MONTREAL.—A merger of two of the leading companies in the distillery industry in Canada, namely Distillers Corporation-Seagrams and Hiram Walker-Gooderham and Worts, is probably receiving consideration at the present time. Heavy conferences are in progress in the executive offices of Distillers Corporation-Seagrams, and it is understood that several representatives from the board of the parent corporation, Distillers Company of Scotland, have already arrived in Canada and are sitting in at the meetings.

There are several factors which lend credence to rumors of a merger. In the first place, it is known that Distillers Corporation is anxious to expand its activities. It is in a favorable position to

do so, since it is backed by what is probably the biggest distilling company in the world, Distillers Company of Scotland.

BID FOR CAN: ALCOHOL

10 It is understood that Distillers Corporation has, on more than one occasion, made offers to Canadian Industrial Alcohol, but in each case the price mentioned fell short of the mark. While current rumors include Alcohol in a gigantic merger of the three leaders in the distilling industry, it is understood that the management of Canadian Industrial Alcohol is definitely against the sale of the property.

20 There has been talk of a large block of Walker's stock finding its way to Distillers Corporation recently. It will be remembered that before Walker's split its stock, the Fisher interests of Detroit purchased a substantial block, ostensibly for investment purposes and not with a view toward acquiring control. It is this block of shares that is supposed to have changed hands, though its acquisition by Distillers Corporation cannot be confirmed.

Strangely enough, the shares of the two companies are now selling at approximately the same level. Distillers Corporation has outstanding 1,500,000 shares of no par common, while Hiram Walker has 2,640,000 shares of no par common issued. These securities are the sole charge against the properties, neither company having any funded debt or preferred stock issues.

30 The situation in the distilling industry in Canada is not entirely satisfactory, and it is not unlikely that steps may be taken to co-ordinate the activities of these two big operators. During the past year the industry has been subject to several disturbances, among which keen competition has been prominent.

SPEND ON ADVERTISING

40 Immense sums have been spent by the liquor companies in advertising their products, indeed, this factor is one of the greatest sources of overhead. The market has been flooded with various brands of liquor, and it is only by a most aggressive sales effort that a profitable market can be built up. Further, the export field is another region in which bitter competition rages.

In addition to competition, the distilleries have met with several set-backs in the export market, occasioned by a stricter supervision by revenue officers. For a few months, the effect of the drive against exports to the United States had a marked effect. Production was held up as warehouses became plugged at the border and sales and earnings suffered during the period.

Exhibits.
—
D-109.
Clipping
from
Financial
Post re
Canadian
Industrial
Alcohol Co.,
Ltd.,
10th Octo-
ber 1929—
continued.

Exhibits.

D-109.
Clipping
from
Financial
Post re
Canadian
Industrial
Alcohol Co.,
Ltd.,
10th Octo-
ber 1929—
continued.

Accordingly there are benefits which might be effected through a consolidation of two big liquor manufacturers.

IMPROVE DISTRIBUTION

Improved production and distribution, a firmer basis of operations in times of trouble, might be achieved through a merger. The recent disturbance in the export market is an indication of what might prove a serious situation in the distilling industry.

10 A co-ordination of effort might tend to eliminate a certain amount of competition, expenditure in advertising, while output and storage capacity might be stabilized to some extent.

A comparison of the two companies' earning power is not possible since Distillers Corporation has not yet issued a financial statement. Hiram Walker completed a successful year of operations on August 31, 1929, and earnings totalled \$1.55 a share on the outstanding capital stock. The Company's financial position is exceptionally strong, with working capital standing at \$16,000,000.

20

DISTILLERS CORP. STRONG

On the other hand, though the position of Distillers Corporation finances is not known, the company's affiliation with the parent organization in Great Britain should not be minimized. Through this association, Distillers Corporation blends, bottles and distributes liquors that were heretofore imported from Scotland and which are of international repute.

30 A merger of Distillers Corporation and Hiram Walker would bring together the manufacturers of what are perhaps the best known brands of imported and Canadian liquors. Hiram Walker, Gooderham and Worts, Seagram, are all names which have been identified with the Canadian distilling industry for many years. Seagrams was merged with Distillers Corporation in 1928; it does not seem improbable that a further consolidation may occur in the industry.

40

PLAINTIFFS' EXHIBIT P-153

(Financial Post, November 7, 1929)

NO DICKERS FOR ALCOHOL ON MERGER

Exhibits.

P-153.
Clipping
from Fi-
nancial
Post headed
" No dickers
for Alcohol
on merger,"
7th Nov-
ember 1929.

Never Approached on Rumored Deal to Consolidate

10

DIVIDEND IS EARNED

Satisfactory Profits in Year Just Ended—Stock Sells Below
Intrinsic Value

(From Our Own Correspondent)

20 MONTREAL.—Canadian Industrial Alcohol is not merging with any other company in the distillery field, nor has it ever been approached to link up with any other producer. Rumors to this effect have been going the rounds for several weeks, and an official of the company informs The Financial Post that as far as Canadian Industrial Alcohol is concerned there is absolutely no substance to the story.

30 The fiscal year of the company ended on September 30 last, and though the audited statement will not be ready for a few weeks, it is understood that the report will show dividends well earned, with a comfortable margin to be carried forward into the profit and loss account. This means that earnings will be somewhat in the neighborhood of \$2,000,000.

CONSIDER PROFITS SATISFACTORY

40 This showing, if verified by the audited statement, is considered to be exceptionally good. It compares favorably with that reported by other distillery companies. The past year has not been an altogether favorable one for the companies in this industry. If the company is able to report earnings of \$2,000,000 or so on a market capital of around \$15,000,000, there is little reason for complaint. There are few industrial companies able to make as good a showing.

Business during the past three months has been more favorable. Sales of Canadian Industrial Alcohol have been better than in the summer months, when business was at a low point. The setback then, however, was sufficient to make a dent in earnings, though the

improved situation in the closing months of the fiscal year largely offset the poor months.

Exhibits.

—
P-153.
Clipping
from Fi-
nancial
Post, headed
“ No dickers
for Alcohol
on merger,”
7th Nov-
ember 1929
—continued.

Industrial Alcohol has maintained its policy of keeping alcohol reserves up to a figure of about 10,000,000 gallons. Some time ago the management set that mark as a reserve and, when reached, started manufacturing to keep pace with current demands. This reserve of alcohol is one of the most important assets of the company and one which investors are quite apt to overlook.

- 10 The company is getting away to a good start this year. The new wood alcohol plant at Lindsay will be put into operation next week. For some time past the company has been purchasing its needs of wood alcohol on the open market. Several months ago it was decided to build their own plant. It is expected that before long the company will be able to make all its own wood alcohol needed.

20

PLAINTIFFS' EXHIBIT NO. P-157

- 30 (Mail and Empire, Nov. 29, 1929.)

POSSIBILITY OF NEW CONTROL
CANADIAN INDUSTRIAL ALCOHOL

Special to The Mail and Empire.

P-157.
Clipping
from Mail
and Empire,
headed
“ Possi-
bility of
new control
Canadian
Industrial
Alcohol,”
29th Nov-
ember 1929.

- 40 Montreal, Nov. 28.—The annual report of the Canadian Industrial Alcohol Co., Ltd., for the year ended September 30, 1929, will soon be ready for distribution. The street hears that certain pour-parlers have taken place in connection with a deal whereby the control of this company may pass to other hands. In this connection it has been known for some time that the present management was considering the advisability of disposing of the liquor end of the business. When the stock was selling around 45 negotiations took place in New York which many thought would have led to a deal that would have brought \$60 a share for the stock. However, the same did not materialize.

PLAINTIFFS' EXHIBIT P-215

Dec. 27th, 1929.

Exhibits.

—
P-215.

Letter
to Lord
Shaugh-
nessy from
J. F. Lash,
27th Dec-
ember 1929.

Right Honourable Lord Shaughnessy, K.C.
Canada Cement Building,
Montreal, Que.

10 RE CANADIAN INDUSTRIAL ALCOHOL COMPANY
LIMITED

Dear Sir,

I refer to the conversation which Mr. Morrow and myself had with you in connection with a suggested arrangement for a closer connection between Canadian Industrial Alcohol Company Limited, Hiram Walker-Gooderham & Worts Limited and possibly Distillers Corporation-Seagram's Limited.

20 My understanding is that you and your co-executors of the Sir Mortimer Davis Estate and co-directors of Sir Mortimer Davis Incorporated are of opinion that such a closer connection would be advisable and beneficial from the point of view of all the companies concerned and their respective shareholders, and that they are willing to have such information furnished with respect to the business and affairs of Canadian Industrial Alcohol Limited as may be necessary to enable a common basis for comparison to be made between that Company and Hiram Walker-Gooderham & Worts Limited.

30 You will remember that we agreed that Messrs. Clarkson, Gordon, Dilworth & Co. would be satisfactory as independent auditors as they have no connection with any of the three companies above referred to. We have accordingly handed the published balance sheets of the three companies to Messrs. Clarkson, Gordon & Co. I enclose a letter from them containing a memorandum of questions referring to these balance sheets, the answers to which are required before a common basis for comparative purposes can be reached so far as the three companies are concerned.

40 It has been suggested that the best method of dealing with the matter in the first instance would be to have each of the companies itself make up a balance sheet as at the end of its last fiscal year, giving all the information asked for in the enclosed memorandum. Balance sheets giving this information can be exchanged and a tentative share value arrived at from these figures. If a satisfactory arrangement is arrived at, a date could then be set to which the balance sheets of all three companies would be adjusted.

It is understood of course that all information supplied will be treated as strictly confidential by all concerned and Hiram Walker-

Exhibits.

P-215.
Letter
to Lord
Shaughnessy from
J. F. Lash,
27th December 1929
—continued.

Gooderham & Worts Limited is prepared, if this proposal is satisfactory, to exchange balance sheets on this basis.

It is also understood, if a satisfactory share value be reached as a basis of exchange, that for the protection of all concerned, an independent audit of the books of the three companies shall be made by Messrs. Clarkson, Gordon & Co. and in the event of a transaction failing to materialize with respect to any company such company will bear the expense of the investigation so far as its own affairs are concerned.

10

Yours truly,

“J. F. LASH”

JFL/A.

PLAINTIFFS' EXHIBIT P-216

20

26th December, 1929.

P-216.
Letter
to F. K.
Morrow
from H. D.
Lockhart
Gordon,
26th December 1929.

F. K. Morrow, Esq.,
Bank of Hamilton Building,
Toronto.

Dear Sir:

Following our conversation with you and Mr. J. F. Lash, we have examined the Balance Sheet of

30

- (1) Canadian Industrial Alcohol Company Limited as of 30th September 1929
- (2) Hiram Walker-Gooderham Worts Limited as of 31st August 1929
- (3) Distilleries Corporation—Seagrams Limited as of 31st July 1929

40 You asked us what additional figures are required in order to put the three companies on a common basis for comparison, both as to assets and as to earnings.

Taking the Companies in their order, the following information will be required:

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED

Real Estate, Buildings, Machinery,
Goodwill, etc., Less Depreciation \$5,412,532.29

Exhibits.

P-216.

Letter
to F. K.
Morrow
from H. D.
Lockhart
Gordon,
26th Dec-
ember 1929
—continued.

Particulars as to this account, stating whether it represents cost or is based on appraisal, and if on appraisal the name of the Company who made the appraisal and the date of the appraisal.

The amount included for goodwill or any other intangible asset such as trade marks, blends, etc.

The amount deducted for depreciation, giving the period over which this fund has been built up and the rates used on the different classes of assets.

10 Shares in Associated Companies and
other Investments \$5,219,717.89

Particulars of the shares and other investments, giving the prices at which they are carried and in the case of associated companies the latest Balance Sheet and Profit and Loss Account of each.

Stocks on Hand at Cost \$5,755,679.87

Full particulars showing the number of gallons, age and price at which the whiskey and other spirits are included.

20 What stocks of whiskey and spirits are on hand at different export points such as St. Pierre, Nassau, Bermuda, Belize and Cuba, and whether any stocks are held on consignment, giving the number of gallons, age and price.

Number of bushels of grain and the price at which it was taken in, number of barrels and kegs and price.

Particulars as to supplies, showing any item of over \$25,000. separately.

30 Sundry Debtors (Less Provision for Doubtful
Debts) and Debit Balances, including Associated
Companies \$2,150,646.68

Particulars showing separately amounts due from customers, amounts, if any, due by the shareholders, directors, officers and officials of the Company, amounts due from associated companies giving the names and amounts of each Company, particulars and amount of the debit balances and sundry debtors, and the amount of provisions for doubtful debts.

40 Dominion Government Balance of Sales Tax Claim \$929,000.00
To what extent does this cover the full amount claimed by the Government to 30th September 1929, including interest?

Sundry Credits and Credit Balances, including
Associated Companies \$907,670.84

Particulars showing separately the amounts due to trade creditors, the amount due to associated companies giving the names

and amounts of each company, particulars as to "credit balances" and any other sundry creditors.

The amount reserved for Government Taxes, and what, if any, additional tax has accrued to 30th September 1929 for income tax on the profits for the year ended that date.

Dividend payable 15th October 1929 \$415,307.70

10 The amount of any dividend paid or declared since the 30th September 1929.

Contingent Liability in respect to guarantee of 20 year 6% Debenture Stock, Robt. McNish & Co. Limited

The amount of this Debenture Stock and the terms of the guarantee, with Balance Sheet or particulars as to the financial standing of Robt. McNish & Co. Limited.

20 HIRAM WALKER—GOODERHAM WORTS LIMITED

Accounts Receivable \$1,005,401.18

Particulars showing separately the amounts due by customers, amounts due by shareholders, directors or officials of the Company, if any, and any other amounts due or debit balances making up the total.

Other Current Assets \$123,714.02

What do these consist of, and how are they valued?

30 Inventories \$8,446,521.00

Full particulars showing the number of gallons, age and price at which the whiskey and other spirits are included.

What stocks of whiskey and spirits are on hand at different export points, such as St. Pierre, Nassau, Bermuda, Belize and Cuba, and whether any stocks are held on consignment, giving the number of gallons, age and price.

40 Number of bushels of grain and the price at which it was taken in, number of barrels and kegs and price.

Particulars as to supplies, showing any item of over \$25,000 separately.

Plant and Equipment \$8,230,199.12

Particulars as to this account, stating whether it represents cost or is based on appraisal, and if on appraisal the name of the Company who made the appraisal and the date of the appraisal.

Exhibits.

—
P-216.

Letter
to F. K.
Morrow
from H. D.
Lockhart
Gordon,
26th Dec-
ember 1929
—continued.

Exhibits.
 P-216.
 Letter
 to F. K.
 Morrow
 from H. D.
 Lockhart
 Gordon,
 26th Dec-
 ember 1929
 —continued.

The amount included for goodwill or any other intangible asset such as trade marks, blends, etc.

Bills and Accounts Payable, including	
Government Taxes	\$655,333.48

Particulars showing separately the amount due to trade creditors, the amount included for government taxes and what, if any, additional tax has accrued to the 31st August 1929 for income tax on the profits for the year ended that date.

- 10 Have all claims made by the Government for sales tax and excise duties been paid, and if not, what amount, if any, is claimed by the Government (including interest) to 31st August 1929?

Reserve for Depreciation on Plant and Equipment, and Contingencies	\$3,801,320.49
---	----------------

The amount of the reserve for depreciation, and over what period it has been built up, giving the rates on the different classes of assets.

- 20 The amount reserved for contingencies, the nature of the contingencies and what portion of it is still required.

Dividend payable September 14, 1929	\$660,000.00
-------------------------------------	--------------

The amount of any dividends paid or declared since the 31st August 1929.

DISTILLERIES CORPORATION—SEAGRAMS LIMITED

- | | |
|--|-----------------|
| 30 Plant, Equipment, Goodwill, Trade Marks
and Blends | \$13,774,712.08 |
|--|-----------------|

Particulars as to this account, stating whether it represents cost or is based on appraisal, and if on appraisal the name of the Company who made the appraisal and the date of the appraisal.

The amount included for goodwill or any other intangible asset such as trade marks, blends, etc.

Whiskey and Spirits at Cost, Raw Materials, Bar- rels, Kegs and Supplies at cost of purchase	\$6,613,053.38
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- 40 Full particulars showing the number of gallons, age and price at which the whiskey and other spirits are included.

What stocks of whiskey and spirits are on hand at different export points, such as St. Pierre, Nassau, Bermuda, Belize and Cuba, and whether any stocks are held on consignment, giving the number of gallons, age and price?

Number of bushels of grain and the price at which it was taken in, number of barrels and kegs and price.

Particulars as to supplies, showing any item of over \$25,000. separately.

Accounts Receivable \$889,074.05

Particulars showing separately amounts due from customers, amounts, if any, due by the shareholders, directors, officers and officials of the Company, amounts due from associated companies, if any, other amounts due or debit balances making up the total.

10 Accounts Payable and Accrued Liabilities \$612,241.50

Particulars showing separately the amounts due to trade creditors, the amounts due to associated companies, if any, with names and particulars of credit balances or any other sundry creditors.

The amount reserved for Government taxes, and what, if any, additional tax has accrued to the 31st July 1929 for income tax on the profits for the year ended on that date.

20 The amount reserved for the Government's claim for sales tax and excise duties, and whether this amount covers the full claim of the Government with interest up to the 31st July 1929.

Dividends

The amount of any dividends paid or declared since the 31st July 1929.

30 Balance under contract, taken over at inception of Company, from Jos. E. Seagram & Sons Limited, for purchase of Whiskey, payable as deliveries taken \$807,372.81

Particulars as to the price and terms of this contract.

Special Loans \$1,953,110.95

Particulars as to the terms of payment, rates of interest, and whether the Company has the right to pay these loans at any time.

Reserve for Depreciation \$526,600.15

40 The amount of the reserve for depreciation, and over what period it has been built up, giving the rates on the different classes of assets.

Reserve for Contingencies \$172,805.67

The amount reserved for contingencies, the nature of the contingencies and what part of it is still required.

Profit and Loss Accounts

In respect of the profits made by all the Companies, we think

Exhibits.
 P-216.
 Letter
 to F. K.
 Morrow
 from H. D.
 Lockhart
 Gordon,
 26th Dec-
 ember 1929
 —continued.

Exhibits.
—
P-216.
Letter
to F. K.
Morrow
from H. D.
Lockhart
Gordon,
26th Dec-
ember 1929
—continued.

it important that they should state whether or not the earnings shown arose in the ordinary course of trading, and can be looked upon as the profits likely to be made in the future, subject to the emergencies of business, or whether there were any profits of an extraordinary nature, and if so, particulars of such profits and their amount.

10 In the same way, whether there were any extraordinary expenses which are not likely to occur again, and if so, particulars and amount.

In the case of Canadian Industrial Alcohol Company Limited, as their statement is not a consolidated Balance Sheet and Profit and Loss Account, it is desirable that particulars should be given of the dividends received from associated companies included in the profits for the year ending 30th September 1929, and how these dividends compare with the earnings of the associated companies for that year.

20 As we explained to you, it will be necessary to value the fixed assets of each company on the same basis. This can be most satisfactorily obtained by having an appraisal made of all the real estate, buildings, plant and equipment and a valuation of the barrels, kegs, etc. Of course in each case these assets should be taken at the depreciated appraisal value found at the date of the appraisal.

30 The inventories of whiskey and other spirits, grain and supplies, should be brought to a common basis, the whiskey and spirits at an agreed price depending upon the age, grain, molasses, denaturants and raw materials at market value at some definite date, proper allowance to be made for any deterioration that may have taken place.

In the case of the Canadian Industrial Alcohol Company Limited, their investment in associated companies should be consolidated with their own assets, the real estate, buildings, plant, equipment, barrels, kegs, etc., owned by these companies being appraised as outlined above, and the inventories on hand valued on the same basis.

40 You should also decide whether the profits are to be based on the last year's earnings or whether it should be over a period of one, two or three years.

Yours faithfully,

CLARKSON, GORDON, DILWORTH, GUILFOYLE AND NASH
"H. D. LOCKHART GORDON"

DLG: P

DEFENDANTS' EXHIBIT D-1

Exhibits.

D-1.
Letter to
Plaintiffs'
Attorney
from De-
fendants'
Attorneys,
17th Janu-
ary 1930.

17th January, 1930.

W. K. McKeown, Esq., K.C.,
Royal Bank Building,
10 Montreal.

Dear Sir,

RE LADY DAVIS vs. LORD SHAUGHNESSY
AND A. M. REAPER

In reference to the various actions at law which, on behalf of Lady Davis, you have threatened to institute against Lord Shaughnessy, we are instructed by Lord Shaughnessy to call to your attention before you actually begin those proceedings, the fact that there are presently pending preliminary overtures or negotiations looking to a possible merger of Canadian Industrial Alcohol with other companies engaged in a similar line of business.

While these negotiations are at present merely tentative and have not developed sufficiently far for Lord Shaughnessy to disclose or discuss the details, he instructs us to say to you for Lady Davis' information that he is hopeful that if nothing happens to disturb the negotiations they may eventuate in an offer being made to merge Canadian Industrial Alcohol with other competing companies on terms which would appear to be most advantageous to Canadian Industrial Alcohol in general, and to the Estate of the late Sir Mortimer B. Davis in particular.

Lord Shaughnessy does not wish that Lady Davis should ever be able to contend that when she instituted the proceedings which she threatens to introduce, she was unaware that negotiations were pending which would necessarily be disadvantageously influenced by such proceedings if not thereby entirely broken off and wrecked.

Will you therefore be so good as to give Lady Davis communication of this letter.

Yours truly,

MEREDITH, HOLDEN, HEWARD & HOLDEN.

PLAINTIFFS' EXHIBIT P-156

DRAFT CONSOLIDATED BALANCE SHEET

HIRAM WALKER—GOODERHAM & WORTS LIMITED

31st AUGUST, 1929

CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED AND ITS SUBSIDIARIES

30th SEPTEMBER, 1929

PREPARED FROM BALANCE SHEETS AND INFORMATION GIVEN BY OFFICIALS OF THE COMPANIES

ASSETS

	Hiram Walker Gooderham and Worts Limited	Canadian Industrial Alcohol Co. Limited	Combined
Cash in Banks, on Hand and on Loan.....	\$9,767,349.40	\$ 763,068.25	\$10,530,417.65
Investment in Dominion of Canada Bonds at par—1934's.....	1,005,401.18	9,500.00	9,500.00
Accounts Receivable.....	1,413,534.97	2,418,936.15	2,418,936.15
Inventories.....	14,037,383.02	12,156,218.34	26,193,601.36
Life Insurance Premium Paid.....	123,714.02	123,714.02	123,714.02
Real Estate as valued or as per Books.....	2,422,450.00	100,231.15	2,522,681.15
Buildings, Plant and Equipment. (On basis of appraisals plus additions at cost, but before Depreciation).....	7,938,021.37	5,077,111.24	13,015,132.61
Investment in and Advance to Robert McNish (France), S.A.....			15,537,813.76
A. McDougall and Co. Limited.....			78,112.89
Prepaid and Deferred Charges.....	230,087.58	99,932.88	330,020.46

LIABILITIES

	Hiram Walker Gooderham and Worts Limited	Canadian Industrial Alcohol Co. Limited	Combined
Bank Loans (Secured).....		\$1,400,000.00	\$1,400,000.00
Accounts Payable, Accrued Charges, etc.....	475,002.09	593,609.39	1,068,611.48
Reserve for Bad Debts.....	67,537.79	25,736.06	93,273.85
Dominion Government Sales Tax, Claim with Interest.....	301,395.63	963,000.00	1,264,395.63
Dominion Government Income Taxes.....	330,000.00	66,787.48	396,787.48
Debiture Stock Interest Accrued.....		33,609.35	33,609.35
Exchange Suspense.....		36,581.60	36,581.60
Dividends Payable.....	660,000.00	415,307.70	1,075,307.70
Robert McNish and Company Limited: Debiture Stock, 20 year 6%, 888,933 Units @ \$5.00 per Unit.....			4,425,575.00
Less: Held by Parent Company.....	19,090.00		
Capital Stock: 2,640,000 shares.....	\$27,900,000.00		
969,480 Voting shares...\$10,958,000.00			
123,435 Non-Voting shares... 2,440,700.00			
Surplus.....	5,790,471.06	1,661,196.86	
Capital and Surplus.....	\$33,690,471.06	\$11,737,503.14	
	<u>\$35,524,406.57</u>	<u>\$19,697,709.72</u>	<u>\$55,222,116.29</u>

Liability re Government Export Bond Suits.....
Value per Share on above Basis.....

\$ 12.76 \$ 10.74

45,425,974.20

\$55,222,116.29

Exhibits.

P-156.

Draft Consolidated Balance Sheet of Hiram Walker-Gooderham & Worts, Ltd., and Canadian Industrial Alcohol Co. and subsidiaries, 30th September 1929.

**Exhibit Group No. 34: Correspondence between Sir Mortimer
Davis and Lord Shaughnessy**

DEFENDANTS' EXHIBIT D-111

Telephone 67

BELVOIR,

STE. AGATHE DES MONTS, QUE.

Aug. 14th, 1924

Exhibits.
—
D-111.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
14th August
1925.

10

My dear Will:—

I received your letter and am pleased that Meredith approves of your contemplated change. I will be here until Monday and when I receive your memorandum, will let you know my opinion of it. I sincerely hope that the change you are about to make will be advantageous to both of us. You can always rely on my help to make your new venture in life as pleasant as possible.

Why don't you remain the rest of your holiday with your family. With my best wishes to you and Marion.

20

Yours sincerely,

Mortimer Davis.

DEFENDANTS' EXHIBIT D-112

D-112.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
20th August
1924.

Office of
30 SIR MORTIMER B. DAVIS

Cable Address
ATHLETE, MONTREAL

MONTREAL, August 20th, 1924.

Lord Shaughnessy,
Algonquin Hotel,
St. Andrews-by-the-Sea, N.B.

My dear Will:—

40 I have your communication of July 18th with enclosure, which to me, looks fair, but before accepting same would like to discuss the matter further, with you personally.

I am quite willing, as I stated to you to secure you in any way that is fair, in case of anything happening to me.

The main object in having you join the Davis Corporation is for you to be there and look after its interests after I pass on to some other place—where—no one knows!

Exhibits.

D-112.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
20th August
1924—con-
tinued.

Therefor for my own protection, I must see that you are safely installed.

I am going to Ste. Agathe this afternoon, returning Monday and on Tuesday go by motor to Saratoga.

I expect to return to Montreal on Sunday, August 31st.

By that time I suppose you will have finished your holiday.

With my best wishes, I am,

Sincerely yours,

Mortimer Davis.

10

DEFENDANTS' EXHIBIT D-113

PARIS, November 17th, 1925

20

LORD SHAUGHNESSY,
MONTREAL

My Dear Will,

I am in receipt of your letter of November the 4th and cabled you to-day the following:

“WADDELL REMUNERATION UNTIL MAY 1st STOP
“WISH HIS RESIGNATION AS TRUSTEE TO MY TRUST
“DEEDS.” “DAVIS.”

D-113.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
17th Nov-
ember 1925.

30

I cannot understand why he would bring this question up as I distinctly told him his remuneration would continue until May 1st.

MARLER—He certainly has been a great disappointment and I might state has diminished very much in my estimation. A man must be truthful whether it is in politics or private life. When he was considering going into politics and asked my advice, I strongly urged him to keep out of it. As I told him when I gave him the interest in the Davis Corporation, I had in mind that he could work into commercial matters as well as carrying on his notarial profession. Privately, so far as I am concerned, he is out of the picture. I might also say that I do not expect any help from Mr. Waddell as he certainly, in the six years he has been connected with me, has acquired very little commercial knowledge notwithstanding his egotism. I mention these things so that you can understand the position.

40

Now that Marler is out of politics he will no doubt try to run the Davis Corporation.

As mentioned before the responsibilities rest entirely on you, all you have to do is to cable me any commercial condition arising that you are in doubt.

Exhibits.

—
D-113.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
17th Nov-
ember 1925
—continued.

10 With Lauster, Poillon and others you have material to work with, but I am very strongly convinced that you must have a young man who has some vision and a commercial mind as an understudy, otherwise if you unfortunately should get ill, or if you want to take a holiday, you would then be in a position to do so. This I leave to you as it is as much to your interest as to mine.

I am feeling well and leaving the first of December for the Villa, where I will remain for the winter.

I trust that you and your wife, and the children are well. With my kindest regards and best wishes, I am,

Yours truly,

M. B. DAVIS.

20

Directors should not be told or showed too much.—D.

30

D-114.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
21st Nov-
ember 1925.

DEFENDANTS' EXHIBIT D-114

HOTEL PLAZA ATHÉNÉE
25, AVENUE MONTAIGNE, PARIS

Télégrames: PLAZATÉNÉ, PARIS

40 The party giving this information, why not give the figures? We must find out who is giving out private information and eliminate him.

Nov. 21st, 1925

M. B. DAVIS.

There must be no information of any kind.—D.

DEFENDANTS' EXHIBIT D-115

HOTEL PLAZA ATHÉNÉE
25, AVENUE MONTAIGNE, PARIS

Télégrammes: PLAZATÉNÉ, PARIS

Nov. 23rd, 1925.

Exhibits.

D-115.

Letter
to Incorporated
Company
from Sir
Mortimer
Davis,
23rd Nov-
ember 1925.

10 SIR MORTIMER DAVIS, INC.

Gentlemen,

I cabled the other day about information being given about Ind. A. Co. I notice to-day in O'Brien & Williams letter to their clients, mention about our earnings for Oct. Now, I won't tolerate any such action, anyone giving information against my repeated instructions will be dismissed at once.

Yours truly,

M. B. DAVIS.

20

Any director you will ask to resign, who you find dishonorable enough to use, or give private information. We seem to be the only Co. where our private affairs are public.—D.

DEFENDANTS' EXHIBIT D-116

HOTEL PLAZA ATHÉNÉE
25, AVENUE MONTAIGNE, PARIS

Télégrammes: PLAZATÉNÉ, PARIS

30

D-116.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
9th Dec-
ember 1925.

Personal.

Dec. 9th, 1925.

My dear Will,

40 I am leaving this afternoon for the Villa. When you receive this letter you will have had your Annual Meetings.

Remember you are the responsible head, and don't let your Directors know any more than is necessary, most of them, are only thinking and care for the stock end of the proposition, and will play with the stock. W. is the same as other directors, his crowd at the lunch club, seem to be able to pump him dry, and he is so conceited (Johnny know it all) makes him an easy mark. I suppose the Auditors have made their report of the Davis Corp. Do get a clever

secretary, one who will work in and be of considerable help to you, if you get the right one, we can pay him well.

With my best wishes.

Yours sincerely,

MORTIMER DAVIS.

10 W. opinion on things is poor for the reason he is too lazy to work on detail, and has a Banker's mind which I regret in six years has not improved for the reason, he knows it all.—D.

You should take W. offices as he will not use them enough, and I don't propose to pay rent for nothing.

DEFENDANT'S EXHIBIT D-117

LES GLAIEULS

20

GOLFE-JUAN

Alpes-Maritimes

Friday, Dec. 18th, 1925

My dear Will;

I noticed in the report of Directors meeting that Mr. Waddell resigned as President, also as Director. I mentioned in my letter to him stating that I thought it was to his interest to remain a director. However, we will manage to get along without him. I want to impress upon you, that you must not take advice of anyone, that is not familiar with the detail of the business. It was a mistake to put outside people on the Alc. Co. board. The Tobacco Co. has only men who take an active part, however, some day we will correct this condition.

Again I wish to mention for your own interest as well as mine, the importance of having a good understudy, if not you will only tie yourself down, and if anything should happen we would both suffer.

Mortimer is motoring down from Paris, and I'm waiting to see him, he just telephoned he would be here at twelve this evening.

40 The weather is quite cold for here, but the place is filling up.

I trust you and your family are well and I wish you all everything that is good for the coming year.

Sincerely yours,

MORTIMER DAVIS.

Lord Shaughnessy.

Exhibits.

D-116.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
9th Dec-
ember 1925
—continued.

D-117.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
18th Dec-
ember 1925.

PLAINTIFFS' EXHIBIT P-259

Montreal, January 9th, 1926

Exhibits.

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P-259.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
9th January
1926.

My dear Sir Mortimer,

10 Yesterday we had a meeting in Cook's office at which the agreement of transfer of the Asbestos Companies to the new Company were signed, sealed and delivered. I had previously arranged with Walker all advances necessary to meet liabilities and everything has been done to his entire satisfaction, leaving the position now as follows: The bank holds as collateral security for advances made, sufficient to pay off in each Company, outstanding bonds, indebtedness to Sir Mortimer Davis, Incorporated, trade liabilities and others, all the securities coming to our Companies as consideration for the properties.

20 These securities, when the opportunity affords, will be sold, from time to time, and the proceeds applied in reduction of all liabilities to the Bank, the bonds being sold first, the preferred stock secondly, and such amount of the common stock as it may be necessary to sell in order to make up the amount, at the conclusion of which any remaining common shares will be divided pro rata between the shareholders in each Company.

30 On the values which we have arbitrarily set of 90 for bonds, 80 for preferred stock and 25 for common stock, there should remain sufficient common stock for division to give the shareholders in each Company about 2 shares for every 5 held at present. This will work out as far as Sir Mortimer Davis, Incorporated is concerned at about 15,000 to 17,000 shares, which, at a value of 25 would approximate between \$400,000 and \$500,000 so our Company comes out of the transaction with the liability of a million dollars paid, in cash, together with \$106,000 of accrued interest and other adjustments and the above amount of \$400,000 or \$500,000 in common shares of the Company, which, I think, judging from every angle, is a very useful deal.

40 I have been giving some thought to Sir Mortimer Davis, Incorporated, and submit the following for your consideration. I know you have in mind that, ultimately, you would like someone connected with the Company, possessed of initiative and business ability to carry on in the event of anything happening to me and this, of course, is desirable, but in order that no mistake be made, it will take some little time to discover the proper person.

There are a lot of young stockbrokers and bond salesmen available but, unfortunately, most of them have not made successes in their own business and, therefore, could not probably make a success of a position with us, on that account.

In the meantime, I think we require a man with business office

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Letter
to Sir
Mortimer
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Lord
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nessy,
9th January
1926—con-
tinued.

experience to supervise a methodical business system, involving fying of correspondence, prompt dealing with correspondence and accounts and careful checking of books and vouchers and general administration, in order to assist and check the annual audit.

As the Company is largely a holding one, there is not a great deal of routine work to be done but, as our interests are liable to increase, it would help considerably to have a man familiar with detail to keep all our affairs up-to-date, in order that information concerning the exact position of any matter will be readily available, when required.

10

20

For this purpose, I have been considering the possibility of engaging Reaper, who was with the Asbestos Company. I have had a great deal of work with him in connection with the completing of that transaction and I cannot adequately express the help that he has given me, nor the high opinion I have formed of his knowledge of method and detail. It is true he is not a young man nor does he possess a great deal of initiative, but he is conscientious, honest and capable and would help me more than I can tell.

30

I did the best I could to get Ross to take him on in the new Corporation and think that Ross is making a great mistake in not doing so though I do not know definitely that he will not but have reason to believe that they will not. Reaper would probably prefer to go with the Asbestos Company, in which event, of course, he would not be available for us but in the event of his not doing so, I would like to take him on as I think he would be most valuable. In any event, I will be glad if you will think the matter over and let me hear your views.

40

J. M. DOUGLAS & CO.: I am not at all satisfied with the way in which this Company is being operated. At present, it consists of Allen, Gardner and a young fellow called Norman, who was the general salesman and who has now given notice that he is leaving us at the end of the month (I understand to go into the employment of Hatch). These people have valuable agencies, which they do not appear to appreciate and they are not making the progress they should. I had a call to-day from a young fellow, who was a client of mine when I practiced law, by name Archibald Kelly. He was originally in the employ of Elder, Dempster Co. and subsequently became a sort of general factotem for Dave Campbell, who was the head of Elder, Dempster Co. in Canada.

Kelly incorporated one or two Companies, in connection with which he did the management and Campbell put up the capital and, as far as I know, these Companies were successful. About six months ago, Campbell died suddenly and his wife refused to continue with the Companies, as a consequence of which they got into serious

difficulties resulting in the loss to Kelly of practically all he had. The Companies were principally real estate ones and they had to sell, at a loss, valuable properties which they were holding, in order to clean the Companies up. Kelly knocked about looking for something to do and, on the advice of some of his political friends in the Province, set out to procure agencies for various lines of spirits and wines, with the idea of becoming a commission agent to deal with the liquor commissions. He tells me that he came to see Mr. Waddell
10 the Alcohol Co. and thought that the securing of these agencies might help him as he had in mind that he might carry on for our benefit these agencies in conjunction with any job which he might have with us, but he did not hear anything further from us and, therefore, decided that there was probably no vacancy.

Kelly is a smart, bright fellow, who has made considerable money for D. W. Campbell and who is known as a salesman throughout Canada and I believe that he is just the man we require for J. M. Douglas & Co. and the agencies which he has procured will, of course,
20 go into the Douglas Co. He is prepared to work on any salary which I name in the beginning, with the understanding that if he makes the Company a great success he will be fairly treated.

Allen appears to me dead and I reluctantly believe that he considers himself far above the wine and spirit business and I do not think that, with him at the head, the Douglas Co. can ever be a success. Gardner is nothing but a book-keeper and, as such, I think quite satisfactory, while Norman, the one who is leaving, is a young fresh salesman of no great ability.

I think that Kelly, with Gardner to keep the books and possibly
30 a stenographer, could do a great deal with this Company as he is accustomed to travelling all over Canada getting orders for the several Companies which he has managed up to the present, notably the Asphalt and Supply Co. and evidently, from the correspondence I have seen, the people in Europe who have given him their agencies, are satisfied with him.

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Letter
to Sir
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nessy,
9th January
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tinued.

The agencies which he has either secured, or can secure are the following: Guinness' Stout; Leforestier Champagne; Zoon & Co., of Schiedam, for Holland's Gin, Liqueurs, etc.; the South Holland
40 Brewery of the Hague, for lager beer; Tonnay-Charente, France, for brandy. As to these agencies, I do not know how good or how bad they are but if we desire to take them, they would be taken into the Douglas Co., but I do think that by obtaining this position in the last two or three months, Kelly has shown himself to be the kind of man we require in Douglas & Co., in short, one who is progressive, on the job, and anxious to make good and I feel that he could be of great value. Unless I hear to the contrary, therefore, I intend to

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appoint him in the place of Norman, in the beginning at all events, until he becomes thoroughly familiar with the Douglas agencies and the possibilities thereof, and gets to know all our connections throughout Canada and, ultimately, I believe he can successfully take charge of the whole works, which will, of course, entail the elimination of Allen.

10 I also propose to have that Company in the building with us, when we can exercise proper supervision over them. Business is going well and appears to be keeping up.

With kindest regards to Lady Davis.

Yours very sincerely,

SHAUGHNESSY.

P.S.—Statement for December attached hereto.—S.

20

PLAINTIFFS' EXHIBIT P. 249

17, Rue Weber

Tel. Passy 70-72

Oct. 28th, '26

P-249.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
28th Octo-
ber 1926.

30 My dear Will—

Sent you cable in answer to yours of Wed., Oct. 27th.

40 Rebank Object strongly to putting ourselves in the position of borrowing such a large amt from any Bank, especially when the future might require borrowing the working Capital, besides it is not permanent money as a Bond or preferred stock that is public and permanent money. Banks are all alike when the going is good they will give you accommodation, but when things look a little grey—
watch out for the pistol. I am speaking of forty odd yrs of experience. My cable of today states fully my views and I do not intend to change them—If we cannot put the W. deal through on those lines we will have to forego it—The promoters that W. gave the option to could not put the deal through at the price because it did not show sufficient earnings, they peddled it all over London which is bad, of course they did not have Alco. Co. behind the deal. The only Co. that could handle the deal would be the Merfet, and no doubt

Exhibits.

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Letter
to Lord
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nessy from
Sir Morti-
mer Davis,
28th Octo-
ber 1926—
continued.

they turned it down. So we need not worry about anyone else as it cannot be financed at the present price demanded.

My best wishes,

Yours truly

Mortimer Davis.

- 10 P.S.—Watch Hatch I notice he is advertising a cheap whisky. If necessary get Wiser after him. D.

PLAINTIFFS' EXHIBIT P. 241

Montreal, November 6th, 1926

20 Dear Sir Mortimer,

I beg to report on the various matters which we have in hand as follows:

WALKER MATTER: The negotiation of this matter is beset with many difficulties, owing to the fact that it is hard to persuade the financial houses, who are working on the issue, that the Company has assets, or earning powers, sufficient to justify an issue of twelve or thirteen million of securities.

30 A complete investigation of their business and valuation of assets reveals the fact that outside of whiskey at a fair value, they have about three and a half million of assets, consisting of properties, buildings, equipment, etc. and, therefore, the balance must be made up by what value is set upon about four million gallons of stock. In their books they show the cost of manufacture of this whiskey at from 40c. to 50c. per gal. and Hume has calculated that, adding to that the carrying charges, the value of the whole stock would work out at about four million dollars.

40 Of course, it would be absurd to take the value of this whiskey at cost plus carrying charges, since it could easily be sold in the market at, in any event, \$3. a gallon average and it seems to me that the value of the security is what the bondholder could get for it in the event of forced sale and not what it cost to manufacture and mature it. In order to issue the requisite amount of securities to obtain the purchase price, which I figure from twelve to thirteen million, a value of about nine million must be put on this stock, which works out at an average of about \$2.50 a gallon, which I do not think exorbitant, but which the financial people consider to be high.

P-241.
Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
6th Nov-
ember 1926.

Another point arises in connection with earnings. If we take their earnings as shown by the books from 1921 to 1926 inclusive and deduct therefrom certain rentals, which we will not receive, and interest on investments and a fair amount for depreciation, we find the following:

	1921	\$3,192,235
	1922	516,497
	1923	855,443
10	1924	1,968,361
	1925	1,339,000
	1926	620,790

from which will be seen that there is a tremendous variation in the earnings each year. The average of the above is \$1,445,000. per annum and exclusive of 1921, the average is approximately \$1,000,000. per annum for four years. When we consider that on an issue of \$13,000,000. it will require about \$800,000. to pay bond interest, the margin of earnings on the Company's showing is very small.

20 I have asked from Isaacs, their General Sales Manager, an explanation of this and he explains that during the Custom's probe last year they practically sold nothing, owing to the fact that Walkers, being American citizens residing in Detroit, were afraid of becoming involved with their own government and, therefore, ordered that operations cease, which meant a gigantic loss of business and profits.

30 While the above may be a good explanation and I am confident that with proper organization and an aggressive policy of selling, taking an advantage of every opportunity offered, we can make two million dollars per annum at a conservative estimate out of that business. I have unfortunately, for the purpose of a prospectus and for argument with the financial houses only got the earnings definitely established by their books which, in the opinion of the financial people, are not sufficient.

40 I had an interview with the whole Walker crowd last week, when we definitely agreed upon the form of option agreement, which will run for thirty days from the date of its execution, probably next Tuesday or Wednesday, as I am advised that they are sending it here to me for signature. That will give us time to discuss further with the financial people and endeavour to arrange a satisfactory set-up, but I propose, after obtaining the option, and allowing a reasonable time to elapse, to point out to Walker that he does not show either assets or earnings to warrant his purchase price and thus endeavour to obtain a reduction.

Another feature which makes it somewhat difficult to negotiate with the financial houses lies in the fact that we are seeking to

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nessy,
6th Nov-
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Exhibits.
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Letter
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nessy,
6th Nov-
ember 1926
—continued.

obtain the whole purchase price from the public without introducing any equity money ourselves. I am working on two or three schemes entailing guarantee of interest by the Industrial Co. and a bonus of Common stock and also on other schemes without the guarantee or bonus, as I would much prefer to escape the guarantee for trade reasons and the bonus because I consider that it cheapens the bond.

10 I am working at present with Bell, of Greenshields & Co., who are the managers of a syndicate, composed of themselves, Hanson Bros., Royal Securities, Dominion Securities and other houses, who usually take large issues floated here jointly. We are, of course, only dealing with the syndicate managers and obtain our money on the underwriting from them but they split up the issue among themselves, each one being responsible for his own particular portion. They propose to associate with them the firm of Osler & Hammond, of Toronto, so that I think we have covered the best financial people in Canada, without approaching any firms controlled by American capital.

20 It has been suggested by the financial houses that they might like to have an independent report made by a man called Porter, of the firm of Porter & Sanderson, who are experts in this business, having examined into various distillery properties in the United States, most notably the National Distillers Corporation. I do not see any objection to this and arrangements will, therefore, be made to that end as soon as the option is signed.

30 Generally speaking, I consider the purchase to be a good one and feel confident that we will have no difficulty in earning bond interest and making a reasonable profit for ourselves but, at the same time, I am convinced that we should get the proposition without buying money at too high a rate, which is not good business, and you may depend upon it I will fight for that achievement. I also feel that Walker cannot sell to anyone else and think that even if, for the present, I had to relinquish the option, they would probably come back at a later date with a lower price and, in my opinion, even this would be preferable to putting it through at too great a cost to us. I will keep you fully posted as to each step by cable and I merely point out the above in order that you will be familiar with the difficulties I am experiencing in trying to consummate a good deal for all concerned.

40 CUBA BREWERY: I had a visit the other day from Mr. Tuohey, the fat gentleman we met in New York, when he explained that it was impossible, for the present, for him to obtain from the brewing interest he mentioned, the machinery and equipment without purchasing the real estate and buildings and that, in his opinion, it might be too much of a risk to purchase the latter. In any event, things in Cuba now are in rather bad shape and Levin's idea is that

we should allow this proposition to remain in abeyance for the present. In the meantime, Tuohey will continue his efforts to make a satisfactory purchase of machinery.

10 CHEMICAL COMPANY: I have heard from Mr. Ruebens to the effect that he does not feel in a position to make a proposition in this matter until he has an opportunity of discussing it fully with Dr. Whittaker, who will return from Europe at the end of the month. He seems to be keen on the matter but, evidently, will not commit himself without expert advice.

20 ASBESTOS: This Company is doing well as you will see from the statements enclosed herewith. The stock has sold up as high as Preferred 83 and Common 25 and there seems to be a general air of optimism in the organization. I lunched with Ross yesterday and he appeared quite enthusiastic, which is a decided change for him. They are now negotiating for the purchase of the Johnson Mine, which will be a valuable acquisition, if they can get it at a proper price. Your programme with regard to an amalgamation of the small manufacturers has been submitted to Crabbe and Ross tells me that he seemed very favourable to it and undertook to do some work towards lining it up so the wheels have apparently been started in that connection.

30 ALCOHOL: The Company is going strong and last month was quite satisfactory. The hurricane in Cuba and the South has interfered, to some extent, with business this month, owing to the fact that most of the operators there lost their equipment, viz: boats, etc. and it will take them some time to make new arrangements. We might suffer, to some extent, in the interval but indications are that business should be much better later, owing to loss of stocks, which will have to be re-purchased.

A somewhat disturbing piece of information came before me yesterday, when I was examining into our list of shareholders. As you, no doubt, remember Rainer held about 6,000 shares in the Company and sometime ago, he asked me if I had any objection to him selling a few shares in order to pay off a mortgage on his house. I think he represented that it would take about 700 shares for this purpose. I told him that I had no objection and was glad that he spoke to me before selling.

40 I find now he has disposed of all of his stock except some 500 shares and, on being asked by someone why he had done this, he said that, as he had no faith in the future of the Company, he thought it better to cash in.

This, in itself, is his own affair, since the stock belonged to him and he has the liberty of doing what he likes with it but I cannot see how any Company can be successful when the General Manager of

Exhibits.

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P-241.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
6th Nov-
ember 1926
—continued.

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P-241.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
6th Nov-
ember 1926
—continued.

Sales has so little faith in the future of the Company that he is afraid of losing his money. If his incentive is removed, he is no good to me because I would always feel that he did not have the interest of the Company at heart and, in view of the important position which he occupies, this would be disastrous. He is, at present, travelling in the West on business and I have not had an opportunity to discuss the matter with him but I really feel that unless some good explanation can be given for this extraordinary conduct, without consulting anyone, he should be eliminated and a new Sales Manager appointed.

10 I have discussed the matter with Hume and Lauster and while Hume does not know of Rainer's conduct in connection with the stock, he was of the opinion that Rainer was not in the proper place but they both appear to be of the opinion that Gazen, whom we have had in Winnipeg and who is anxious to have an opportunity of showing what he can do, would fill the position with satisfaction. I think probably he should be tried and if he does not prove satisfactory I have in mind putting Kelly in there, who, to my mind, is one of the best men we have in the organization and I would then put Gazen in charge of J. M. Douglas & Co., since he has had considerable
20 experience in the wine commission business, even before he came to us. In any event, there is no difficulty in finding a substitute but I would like your opinion as to what should be done in connection with Rainer.

I am very sorry indeed that a man who has been with the organization for so long and who has been so reliable and industrious should place himself in this idiotic position but I would never have any confidence in him or believe that he was doing his best for the Company, feeling that he was imbued with the idea that the business was doomed to failure and all his actions would be judged by that
30 standard.

I cabled you about the statement. On going over the figures, I found that in 1924 we carried to surplus about \$700,000. and if we showed earnings of \$1,700,000. this year, we would only carry to surplus about \$650,000. which would be less than 1924, and in view of the generally accepted opinion that the Company has done better this year than ever before, it might lead to a lot of questions being asked. I, therefore, think it better to show earnings of about \$1,800,000. which will permit us to carry to surplus about \$750,000. which will be better than 1924 but not nearly sufficient to warrant
40 an increased dividend and by steering this middle course we will avoid inquiry and at the same time settle the dividend question.

There is no particular news of note, the old guard at the Club is still going strong and the weather is abominable.

With kindest regards to Eleanor,

Yours very sincerely,

Shaughnessy.

MEMORANDUM OF SUGGESTIONS FROM SIR MORTIMER
DAVIS TO LORD SHAUGHNESSY

At the Annual Meeting, state: the number of shareholders the Company has; that our aim is not to make our stock speculative but to have the public hold our securities as investments. I would elect Lauster and Hume as Vice Presidents, Lauster to be responsible for selling and Hume for manufacturing, which includes supervision over the parent Company and all its subsidiaries, for both
10 Vice Presidents. Kelly to be promoted as head salesman for the Consolidated, under Lauster; Curran to be appointed assistant to Kelly; Gazen to be put in charge of J. M. Douglas & Co., under Kelly; Lauster to have full supervision of the whole.

I understand they are trying to sub-let or sell Curran's furniture in his apartment. Please have this stopped.

I notice in the Annual Report an item of \$20,000. odd of paper under discount in the Bank. This is a very small amount and looks
20 funny. Any paper we wish to draw against, the Bank can advance and send the paper on, at maturity, to our customers. I spoke to Lawrence on this matter and I think he understands it.

It is worth considering to change our shares to warrant the same as the Imperial Tobacco Co. have.

The subsidiary Companies' managements should be manned by efficient officials and should be run entirely separate but until the organizations are perfected, they should be under the control of the head officials of the parent Company.

30 Re Wiser Co.: Lauster should be President; Ned Davis, Vice President. The Vice President should be given a free hand and made responsible for results, under the President.

Re St. Hyacinthe: Hersey should be made Vice President and Col. Gaudet remain President. They should be responsible to the parent Company, the same as Wiser's.

40 Re Manitoba: This management should be adjusted and I suggest that Saunders be eliminated and the young man who is looking after industrial sales look after Consolidated business, under Smith of Vancouver, and visit the territory as far as Manitoba, every month and be responsible for same.

Wiser and St. Hyacinthe should have Scotch brands the same as Hatch. A year ago we decided to interest Davis and a man in Prescott in the Wiser stock, which should date back from the beginning of last year. Hersey should be interested in St. Hyacinthe stock, also anyone else who shows his worth.

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Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
6th Nov-
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—continued.

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Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
6th Nov-
ember 1926
—continued.

Turnbull, who is quite a keen observer made a statement to me that he wishes and he is going to discuss the matter with Hume re Wilkie. The stocks that are put away to mature must be very carefully examined as it would be a very serious matter if, at the end of two years, we found that the merchandise was not up to standard. While I do not think anyone would do it, still someone might be paid by our competitors to put away bad whiskey for us, therefore, the necessity of Hume watching this matter closely. I understand that some of the employees are being side-tracked by Wilkie.

10 We want to immediately take steps to prepare our decision for the Annual Meeting.

The W. negotiations I have explained and you have agreed as to our final decision. This matter I leave entirely in your hands as I know my wishes will be carried out.

20 We must give the young men latitude to show their worth and the only way to do this is to give them their heads but their superior officers must watch them to see that they do not do things which might be detrimental to the interest of the Company they represent. An organization is created by this method, while, at times, errors cost money, it pays because it shows us the limitations of the person and anyone who does not make mistakes is not trying his best.

PLAINTIFFS' EXHIBIT P-240

P-240.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
3rd January
1927.

MONTREAL, January 3rd, 1927

30 Dear Sir Mortimer,

Since you left things have transpired in connection with which I submit herein a complete report.

In the first place, H. C. Hatch appears to have purchased the Walker Co. though it is not yet clear whether the deal has actually been completed, or whether he only has an option. After careful investigation, the best information I can get on the subject is as follows:

40 Hatch paid about \$13,500,000 for the property and he proposes to raise the funds by borrowing \$5,000,000 from either the Bank of Toronto alone, or that Bank and the Dominion Bank, jointly, repayment to be secured on the stock in trade under the arrangement that he will account to the Bank for the selling price of every gallon until the Bank loan is extinguished. The balance is to be raised by the issue of 400,000 shares, to be underwritten at 21 and sold to the public at 25. Of these shares, a syndicate composed of himself, Haas, of the Royal Bank, Dymont and other Toronto financiers, in

conjunction with Morrow & Co., of New York, are taking 240,000 shares and the remaining 160,000 shares will be issued to the public at 25 through Osler & Hammond and Mara & McArthur, and probably at some future date the stock underwritten by the syndicate will also be issued, depending upon the success, or not, of the first issue.

10 If the above is correct and I might say that every one is very secretive about the plan and consequently it is difficult to get information, I do not consider that Hatch has made a very good deal for the Walker shareholders, since it would appear to me that for about three or five years they will be working for the Bank and dividends will, of course, be impossible. He is supposed to close the deal to-day and to take over the management on January 27th.

The second matter of importance is that Hume arrived here the other morning and tendered his resignation as Vice-President and Director of the Company, in order to take up with Hatch the position of General Manager of the Walker Co.

20 I was, of course, astonished at this action on the part of a man that owes everything he has in life to the generosity of this Company and you and while I do not, to any extent, regret his loss, since he is easily replaced, I did not hesitate to tell him what I thought of his loyalty and decency. He, apparently, has always been a cur and I am informed, only through gossip and without verification, that he has always had a substantial interest in the shares of Gooderham & Wortz.

30 I also understand that this proposition was made to him before he went to England and, consequently, he took a trip to investigate conditions in England and on the continent, at our expense and from which the Walker Co. will derive advantage. In addition to this, he came down here and freely discussed the Walker purchase with you and with me and with Stormont and Lauster discussed future plans for meeting Walker competition and permitted himself to be elected Vice President and re-elected Director, when all the time he knew he was going to Hatch.

40 In these respects, therefore, he is only living up to the tradition of the Douglas and Hatch school, in which he was educated and has, by his actions, earned the reputation of a low skunk, devoid of loyalty, gratitude, or decency.

As far as he is concerned, I am very glad that he is out because it would be impossible to make any progress with a man like that in a position of importance and, as I have said, as far as ability is concerned, he is easily replaced.

I think the organization is now free of germs and we will be able to work in future with confidence in the officials occupying important positions.

Exhibits.

P-240.
Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
3rd January
1927—con-
tinued.

I sent for Wilmore, as it appeared to me that he would be a good man to take charge of manufacturing, having in mind the fact that he really started the Company on the manufacture of beverage and practically taught Hume all he knows, but he will be given to understand that he will be under the jurisdiction of the executive officials of the Company, while at the same time given an opportunity to advance himself if he proves satisfactory. I have not seen him yet and, therefore, do not know whether he will be prepared to accept the position but, if not, other arrangements will be made. In any event, the plant can be properly operated by Wilkie, who has, in fact, been solely responsible for the last six months, or so. With Lauster, Wilmore, Kelly and Stormont, all organizing their departments and waging an aggressive selling campaign, I look forward to the next year with optimism, satisfied at all events, that our Company has been purged of traitors.

Hume is not taking any staff and his leaving will not interfere in any way with our operations, as we have all formulae and processes and can continue as usual.

20 Business was fairly good last month, considering the huge month of November and reached a total of about 28,000 cases.

With renewed good wishes,

Yours very sincerely,

SHAUGHNESSY.

PLAINTIFFS' EXHIBIT P-250

30

17 Rue Weber
Tel. Passy 70-72
6th January, 1927.

The Rt. Hon. Lord Shaughnessy, K.C.,
Cement Building,
Montreal.

My dear Will,

40 I confirm the cables exchanged between us as follows:—

My cable of 4th inst:—Have you arranged with Willmore? Are all our formulae in order? Important not to change them.

Your reply that date:—All formulae intact no suggestion change.

Further:—Willmore agreeable accept position at fifteen thousand getting twelve in present job. Think advisable employ him. He understands fully exact nature of position.

Exhibits.

P-240.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
3rd January
1927—con-
tinued.

P-250.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
6th January
1927.

My answer 5th Jan:—Engage Willmore strict understanding he is subordinate to Head Office Officials.

I acknowledge with thanks receipt of your cable of 3rd inst., (which reached me on the 4th idem), reading, when translated:—

Estimated profits December 210,000. Industrial 46,000; Consolidated 120,000; Hyacinth 4000; Wiser 4,850; British Columbia 4,850; British Columbia 500. Losses Douglas Coy. 1000; Manitoba 8,000. Sales Beverage 27,225 cases Industrial 195,000 gallons Alcohol.

10 I arrived on evening of 4th. We were fog-bound outside New York the first day and consequently were a day late.

I await your letter re Hulme's resignation. The news certainly came as a surprise to me and I can now see that the information which Hatch had been getting came from that source. I am pleased to note that you are engaging Willmore.

I observe that in your list of estimated profits for the past month Douglas lost 1000 and Manitoba 8,000 but suppose that will be remedied.

20 As re-iterated several times, the position of Industrial is such that we have secured a big lead over all our competitors. With the Managing end efficient, a strong selling organisation and a liberal advertising campaign I do not entertain the slightest doubt but that we shall hold our lead and increase the business very materially.

Beyond buying a small concern to form a nucleus of the Canadian Tobacco industry in 1898, we never acquired any Tobacco Company. At that time, as you know, Macdonald had all the business but by employing good business methods and building up a strong organisation we have been able to control that industry.

30 I believe that the price paid for the Walker business and the manner in which I understand they are going to finance it is entirely too high. Perhaps that is why the G. & W. are not participating in the purchase and Hatch is gambling without any personal risk.

40 It is always most essential that we should have authentic up-to-date information as to what our competitors are doing. I do not mean ordinary idle gossip but actual hard facts. We know what we ourselves are doing of course but it is of equal importance to ensure that we should be well posted as to what the other fellow is about to do, for we can gauge our policy accordingly. Therefore do keep me advised by cable of any important decisions to be made regarding our affairs so that you will have received the expression of my views before deciding any serious question, and in addition see that I am furnished with cables indicating the current price of our Stock.

With my best wishes and kindest regards,

Yours sincerely,

M. B. DAVIS.

Exhibits.

P-250.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
6th January
1927—con-
tinued.

P.S.—re Willmore. When he had charge the business was, of course, very small but nevertheless whatever Hulme knows Willmore taught him, as Hulme was at that time an Excise clerk.

Exhibits.

P-250.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
6th January
1927—con-
tinued.

10

There are thousands of visitors who come from America to Paris and England every year. I believe in trying and feeling out the Market in a small way by advertising firstly in Paris papers such as the New York Herald, Chicago Tribune and the Continental edition of the Daily Mail, Corby's Canadian Special Selected Whisky, guaranteed by the Canadian Government, etc. This, I believe, with a live salesman will bring us some business and will put us in a position to feel out the Market for the balance of Europe. As I said to you before, you cannot depend on Agents because they do not give you the whole of their time. For instance, in this case, it will be necessary to get some good House(s) in Paris to stock your merchandise to help your salesmen. We must have salesmen to devote the whole of their time to our business. I have in mind the Nassau situation.

20

PLAINTIFFS' EXHIBIT P-251

Les Glaieuls

GOLFE-JUAN

Alpes-Maritimes

13th January, 1927.

P-251.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
13th Janu-
ary 1927.

30 The Rt. Hon. Lord Shaughnessy, K.C.,
Montreal.

My dear Will,

I have your cable stating that you have engaged Willmore and that things are satisfactory

40 It is very important that you watch Ontario Government and get yourself well installed before your competitor has everything arranged for himself. As you know, Hatch has considerable influence in that part of the country. I think you personally should see Ferguson and put before him the same arrangement that we have with the Quebec Commission, and this also applies to all the other Governments that require close watching and following up.

I believe there is a big opportunity to create a nucleus of an American Blend Whiskey. There are so many Americans travelling in England and on the Continent who to my mind would be glad to get a whiskey of American blend. A Canadian whiskey like Corby's

Exhibits.
—
P-251.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
13th Jan-
uary 1927—
continued.

Special Selected or Walker's Canadian Club has not got enough of the American rye flavour. This is only my idea. Have a talk with Willmore. I think it advisable to have Corby's Special Selected with a little more of the American rye flavour to try out here. I know that Walker has a little of this flavour in his whiskey sold here.

10 I would make it a permanent rule that all our advertisements should have "The Largest Distillery in the World which has made Quality Whiskey for over 70 years". I would start in Paris, first and use the New York Herald, the Chicago Tribune and the Daily Mail (Paris Editions). The Cigarette people have had wonderful results by advertising Chesterfield, Lucky Strike and Camels. I notice that French people are smoking American cigarettes. I consider that the same could be done by advertising Corby's Special Selected Canadian Whiskey bottled in Bond under supervision of the Canadian Government. Advertisements of that type catch the consumer as he has been accustomed to getting such a poor product in the States. I do not consider that Agents give you proper service as they have too many lines. It is much better, if the field is big enough, to have
20 your own salesman. Depending on an Agent usually produces poor results. To start with, you need a well established liquor House who understands and introduces your merchandise with the help of your own salesman.

Keep me informed in detail by weekly letter explaining what is going on. This will put me in a position to advise you if you want to cable me regarding any important decision you may want to make.

30 As stated in my previous communication, we must get authentic information as to what our competitors are doing. It is of as great importance to us as what we ourselves are actually doing. If you yourself have not got time to send me this weekly letter have someone to do it for you.

With my best wishes,

Yours sincerely,

M. B. DAVIS.

PLAINTIFFS' EXHIBIT P-242

LES GLAÏEULS

GOLFE-JUAN

Alpes-Maritimes

19th January, 1927.

Exhibits.
—
P-242.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
19th Janu-
ary 1927.

10 The Rt. Hon. Lord Shaughnessy, K.C.,
Cement Building,
Montreal.

My dear Will,

20 I am to-day in receipt of your first letter since my departure, bearing date 3rd inst., also a clipping of a prospectus published in the papers. I quite agree with you that the whole thing is a stock-jobbing proposition and presents a wonderful opportunity to us to smash the whole enterprise, if we so desire, by cutting the selling price of whiskey to pieces, but at my age I do not think it worth while making a commercial war in this industry, notwithstanding the fact that we are in a splendid position to do so. However, our being in that position and knowing full well that at any time we can play "ducks and drakes" with our competitors should make us all very optimistic, to push ahead and to keep the lead that we have at present against all competition

30 I have nothing to say about Hulme beyond remarking that he is, as you say, a "dirty skunk" which must be borne in mind in future, and he must be classed with those others of the same type whom it has been our misfortune to have had in our employ.

I have written to you communicating my views upon the policy you should adopt and you are no doubt working up to that end, but the most important thing we must see to is not to allow Hatch and his group to secure that Ontario business. You must see Ferguson and have an arrangement made on the lines I spoke to you about when we discussed this matter (i.e. the same as obtains in Quebec).

40 Keep your selling organisation on the move and do not let them sit in the Office waiting for business and telling "hard-luck" stories.

Spend your money on salesmen and advertising. I notice in the Statements for the two months that the increase for the Industrial was very substantial, and in the Beverage we have held our own.

I have already written to you about starting and getting the Americans who come over here to call for our whiskies and I am now awaiting your views on this subject.

I might state how glad I am to read the fighting tone of your letter and I know that you will not miss an opportunity to whip our competitors in the manner they deserve. Use your subsidiary Companies on the lines I have so frequently laid down. By this means you will have St. Hyacinthe, Wiser and Consolidated fighting G. & W., and Walker. I am still of the opinion that the name St. Hyacinthe is not a good one.

Exhibits.

P-242.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
19th Janu-
ary 1927—
continued.

10

With my best wishes,

Yours sincerely,

M. B. DAVIS.

P.S.—I hope shortly to receive from you the actual transaction of Walker and others.

No doubt you are aware that Dewar bought Bulloch Lade, and I understand that McLeod had lost considerable money. I notice he is on the Walker Board

20

We should be able to work out some affiliation with the Scotch combination by manufacturing brands or controlling the importation.

It might be well to feel out the Whiskey combination and I would like to know whether they would be open for some kind of affiliation. Also, if possible, find out whether they are favourable towards Hatch and his gang.

M. B. D.

30

PLAINTIFFS' EXHIBIT P-276

January 24th, 1927.

Sir Mortimer B. Davis,
Villa Glaieuls,
Golfe Juan,
Alpes Maritimes,
France.

P-276.
Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
24th Janu-
ary 1927.

40 My dear Sir Mortimer:—

I beg to acknowledge receipt today of your two letters of the 6th of January and 7th of January, respectively, and confirm the cables exchanged, as mentioned therein.

The December losses in Douglas and Manitoba were due, in connection with the first instance to the payment of bonuses and additional expenses at this time of the year, but this is the only

month in which these extraordinary expenses occur, and Manitoba was due to idleness over some period of time before plans for the winter operations were finally formulated.

10 Wilmore has started on the job and I do not think it will take long for him to whip the organization at Corbyville into shape. It is already quite efficient but requires a few things to make it 100%, more particularly the creation of a complete chain of responsibility and a definite delegation of duties by department to each senior man employed. Wilmore appears to have the proper idea in this respect and I feel satisfied that we will have a more efficient organization under his guidance than ever before.

20 Wilkie, who was assistant to Hume, will probably leave. He was brought into our organization as a chemist, having been with the U.S. Alcohol Company for some years, and during Mr. Waddell's regime was appointed by Taylor as Assistant Manager at Corbyville. He is a hard working, capable man with a university degree, but has suffered from a lack of practical knowledge of whisky making and consequently, in my opinion, it was quite impossible even to suggest that he should have charge of our manufacturing, notwithstanding the fact that during his regime he has done remarkably well.

30 I pointed out to him that I had in mind, if our arrangements were completed with the U.S. Industrial Alcohol Company concerning the establishment of a chemical company, putting him in charge of this, which is more in his line and where he could exercise the functions, for which by education and early training he is best fitted, but he appears to think that he should have been appointed in Hume's place and does not consider that under the circumstances he can remain.

He can easily be replaced, so there is no cause for worry on this score.

I am sorry that the exit of Hume has caused such an upheaval, but I intend to get a staff of men who will be loyal to their organization and work for it even to the exclusion of self interests if I have to change the whole crowd. We have had too many scalpers and "Get Rich Quick Wallingfords" imbued with a desire to help themselves at all costs no matter whether the company suffered or not and no 40 organization can be efficient with that type of officer.

I know you will worry a good deal, but I can conscientiously say that I am more confident than I have ever been of the future, since with the combination we now have there is no danger of information going to our competitors and we can run our own show.

Kelly is developing splendidly in the sales end and you will notice a great difference in that department when he gets it complete-

Exhibits.

P-276.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
24th Janu-
ary 1927—
continued.

ly organized. Lauster will develop as an executive and with Wilmore in charge of the plant, with the material he has got, there is no cause for worry.

Exhibits.

P-276.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
24th Janu-
ary 1927—
continued.

10 I am working with Kelly now on the feasibility of placing our Rye, American and Bourbon Whisky in Europe. There appears to be a large influx of American tourists there each summer and as far as we can ascertain there is now no American Whisky, and as we have the best manufactured now, I think there will be a market. We are communicating with important people in London with a view to obtaining good information on this question before making arrangements but I see no reason why we should not be able to work up a good agency in London, Paris, Hamburg, etc. in these commodities.

20 We have re-enforced Nassau by the addition of another salesman, an Italian who is well thought of by Kelly and Levin and business is a little better there. This month, however, we have been terribly affected by blizzards and snowstorms on the border and our business has decreased somewhat on that account. I do not anticipate a very big month, as conditions are somewhat similar to what they were in February last year, when we only sold 18,000 cases. We should, however, make up for any deficiencies in the next few months now that the weather has cleared.

Dr. Whittaker, the Vice-President of the U.S. Alcohol Company, will be here tomorrow, when we will go thoroughly into that situation and I will cable you fully the result.

Mortimer is taking this with him and I think you will find him looking well.

With kindest regards,

Yours very sincerely,

SHAUGHNESSY.

30

PLAINTIFFS' EXHIBIT P-252

Les Glaïeuls,
Golfe-Juan,
Alpes-Maritimes,

26th February, 1927.

40

The Right Hon. Lord Shaughnessy, K.C.,
Canada Cement Building,
Montreal,
(Canada)

My dear Will,

Mortimer is so good as to bring this letter with him and he is anxious to get back in order to go into things with you.

P-252.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
26th Febru-
ary 1927.

Exhibits.
—
P-252.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
26th Febru-
ary 1927—
continued.

10 He has suggested that he should spend a couple of weeks at the plant. You can arrange with him about this but we have been discussing the importance of accumulating ten million gallons as quickly as possible, this being the base of our entire Beverage proposition (e.g.—if we had Stock today amounting to ten million gallons we could cut the price in two and still make the same amount of money, which would put our competitors out of business. Willmore should be instructed to push ahead and not to miss an opportunity of manufacturing the utmost this Season whether it is three or four millions).

Mortimer has not had time to see the Champagne people or the Novelty folk. That can be done either by mail or later on.

I am waiting to hear about the Ontario Government orders and also the Chemical deal, Asbestos securities and any other matters in abeyance.

With my best wishes and kindest regards,

20

Yours sincerely,

M. B. DAVIS.

P.S.—I have cabled you in the following terms this morning:—

“Davoso. Montreal. Sell up to 20,000 shares at 28 to 30 or better. Telegraph details daily.”

M. B. D.

30

PLAINTIFFS' EXHIBIT P-263

CANADIAN PACIFIC RAILWAY COMPANY'S TELEGRAPH
TELEGRAM

CANNES 350 PM March 9th, 1927

Shaughnessy, Montreal.,

40 Referring to your telegram of yesterday whenever telegraphing to me quotation for our stock also state what is the price of competitors' fullstop. I think group boosting so as to finance Walker deal fullstop. Try to ascertain actual amount distributed. It might be advisable either to raise the price or lower price our shares so that we prevent them realizing provided we affect their shares. In any case I would arrange for indirectly Press comment upon difference between ourselves and the others with whom we are competing whose shares public are offered fullstop. What is your opinion getting two or

P-263.
Cablegram
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
9th March
1927.

Exhibits.
—
P-263.
Cablegram
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
9th March
1927—*con-
tinued.*

three brokers sell and buy some of ours to distribute round about 26 fullstop. According to Gazette I am of opinion Distillers Company Limited and Brompton eventually intend to branch out largely. I do not know how secure your agencies are but I would push strongly immediately our gin and scotch. Briefly make your preparations to meet competition every likelihood their side fullstop. You should not depend combine for malt whiskies. You should know formula. Please write me fully business weekly.

DAVIS.

10

PLAINTIFFS' EXHIBIT P-253

Les Glaïeuls

GOLFE-JUAN

Alpes-Maritimes

20

10th March, 1927

P-253.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
10th March
1927.

The Rt. Hon. Lord Shaughnessy, K.C.
Canada Cement Building,
Montreal.

My dear Will,

I confirm the following telegrams exchanged between us.

30 Mine dated 7th inst. (reading)—“Am not sufficiently informed concerning present and future business conditions and competitors movements. Cable. Hope you are better.”

Your reply (when decoded)—“Answering cable—depression January, February sales due to the fact Canadian idjok (indecipherable) ordering on account of expecting reduction in Excise sales taxes. Southern business dropped off entirely due to Havana still being closed. Nassau six weeks bad weather. March business improving. Sales to 7th, 6,755. Competitors' business below ours for the two months. Expect considerable domestic business this month.”

40 My cable of 9th reading (decoded)—“Referring to your telegram of yesterday, when ever telegraphing me quotations for our Stock also state what is the price of Competitors'. I think Group boosting so as to finance Walker deal. Try to ascertain actual amount distributed. It might be advisable either raise the price or lower price our Shares so that we prevent them from realising provided we affect their shares. In any case I would arrange, for indirectly Press comments upon difference between ourselves and

Exhibits.

P-253.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
10th March
1927—con-
tinued.

the others with whom we are competing, whose shares public are offered. What is your opinion of getting two or three Brokers sell and buy some of ours to distribute round about twenty-six. According to Gazette, I am of opinion Distillers Co. Ltd. and Brompton eventually intend to Branch out largely. I do not know how secure your Agency(ies) are but I would push strongly immediately our Gin and Scotch. Briefly, make preparations to meet competition every likelihood of on their side. You should not depend upon Combine for Malt Whiskies. You should know formula. Please write me

10 fully re business weekly."

Yours in reply, reading (decoded)—"Will in future also state prices Competitors' Stocks. Understand that Group formed, consisting of Hatch, Gooderham, Mara, Osler, Dymont and others taken up 240,000 shares Original Stock Walkers, balance of 160,000 shares sold Public at 25. Borrowed from Bank \$4,000,000 when Stock marketed Hysteria forced it up to around 40 when it was suggested certain members of Pool of 240,000 shares let go some of holding(s). Stock has since receded and Press here has been most emphatic pointing out Walker did not issue intelligent Prospectus whilst Industrial shows complete statement of its affairs. Exact amount Stock released from Pool impossible ascertain. Understand that Hatch contemplating amalgamation G. & W. and Walkers but difficult for him to give Walkers shareholders price in view of unjustifiable rise. Agree advisable have several Brokers handle Stock but question whether possible to stop speculation others Stock in view of Ontario situation and feeling of Public. Watching Distillers Co. Ltd. closely. Hope see Peter Dewar, now on way from Australia. Explain to him carefully situation but find from telegrams and letters received from them and Burnetts regarding future plans of Agencies appear safe. Have got formula and following out your idea(s). Looks like Havana starting do some business. Our Stock closed at 26½, Walkers 38, Seagrams 24½, G. P W. 56."

20

30

Resumed 11/3/27

Your wire dated 10/3/27 reading—"Proposed Ontario Act not very satisfactory. Permit system similar Saskatchewan. Creation Commission Stores. No selling wine or beer in hotels or public places; no public advertisements allowed. Stocks closed 26¼, Seagrams 23¾, Walkers 38¼, G. & W. 56."

40

Mine in reply, dated 11/3/27, reading, when decoded—"Referring to your telegram just received, looks like H. . . crowd behind Act of Parliament prohibiting advertising. What re Brewers doing? Are you in contact with Ferguson?"

Continued 12/3/27

Your wire dated 11th inst., reading, when decoded—"Provision

regarding advertising not result of pressure of any interests, but included to prevent objection(s) notoriety of liquor. Will make no difference to us.'

10 My cabled reply, reading when decoded—"Referring to your telegram of the 11th., consider it will make a difference because G. & W. and Walker better known in that territory. We must find some way to get the Public ask for our merchandise by novelties or something else. Public have secured good investment in our stock. I am of opinion reason for Toronto crowd raising price so as to help distribution of theirs. If we sell block and break Market price 6 or 8 points down it will curtail their programme. We could repurchase profitably. Telegraph if you agree. On the other hand, if G. & W. amalgamating this policy would be playing into their hands. Telegraph estimate of shipments this month, what amount has been shipped, future prospects business.'

20 It is very difficult for me to advise as to the best means of procedure owing to the fact of my not being conversant with the details, not being on the spot. All I can do is to suggest things that come to my mind. I enclose herein copy of a letter I have sent to Lord Dewar to-day, together with copy correspondence I had in 1925 with Peter Dewar when Douglas was over here. The Combine evidently have got their eye on Canada. That will be, naturally, the outlet for their big business in British North America. If some arrangement can be made it would be a good thing for both and would put us in a position to beat Hatch and his crowd to it as we would have control of all important Scotch Whisky brands. I will let you know by cable what result my letter has produced.

30 I feel certain that with you and the new organisation on the job we will be capable of more than holding our own. The temporary loss in earnings during the past two months was owing to unforeseen conditions which will be made up during the balance of the year.

With my kindest regards and best wishes.

Yours sincerely,

M. B. DAVIS.

40 Copy of letter from Peter Dewar, Esq., to Sir Mortimer Davis, dated 9th February 1927.

"I have your cable and I have replied as per enclosed copy. I do not know where you received your information regarding the Merger contemplating to establish an Office at Montreal, because the documents in connection with this fusion have not even yet been signed—so much for the imagination of your informant.

Exhibits.

P-253.

Letter
to Lord
Shaughnessy from
Sir Mortimer Davis,
10th March
1927—*continued.*

Exhibits.
P-253.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
10th March
1927—con-
tinued.

“Nothing definite has yet been settled regarding the future working, but I cannot possibly see that any alteration will take place regarding the representation of individual Brands. They, I presume, will be carried on as formerly, and I expect that every component representation will be individually maintained.

10 “Of course at the present time matters are still on the anvil, but as I have said already, no suggestion, such as you convey in your cable, has been even thought of. We have your late partner, Mr. Jack Douglas here. He is prepared to make a sporting offer to buy up the whole of the whisky trade. It is believed that he is backed by some flourishing American Financial Trust.

“I hope you are having lovely weather, and thoroughly enjoying your visit to the Côte d’Azur.”

Copy telegrams exchanged

Sir Mortimer Davis to Peter Dewar, Esq.

20 “Am informed new Merger contemplating opening Office in Montreal, if so, I feel that our Corporation is in a position to work with you to our mutual benefit. Would therefore like to discuss matter before you decide any definite policy. Answer.”

Reply wire from Peter Dewar, Esq.

30 “No intention of opening Montreal Office stop Individual brands will be represented as formerly stop Jack Douglas here with proposition to buy up whole of Scotch whisky trade. Best regards.”
Telegraphic acknowledgment.

“Thanks for telegram kindest regards. Mortimer Davis.”

Copy of letter from Peter Dewar, Esq., to Sir Mortimer Davis dated 18th March 1925.

“I have yours of the 13th.

40 “I must really confess that I did not take your letter of the 12th ulto. seriously, as I realised how impossible it was for the interests which have just joined on this side to increase their responsibility by entertaining the idea of extending their energies to the other side of the water, notwithstanding how inviting a proposition might be.

“I am afraid therefore that nothing really could be attained by fixing an appointment with you here to discuss such a proposal. Nevertheless I should be very pleased to see you when you are passing on your way back.”

Copy of letter from Sir Mortimer Davis to Peter Dewar Esq., dated 13th March, 1925

10 “I don’t know whether you have taken my letter of the 12th February seriously. Personally, I think it would be of mutual interest if some arrangement could be made. I enclose Deliotte, Plender & Co’s report for year ending September 30th, 1924 of the Canadian Industrial Alcohol Company. In October we changed the \$5 per share value to a non-par value share and gave our stockholders two shares for one of no par value. These new shares are selling on the Montreal Stock Exchange between 18 and 19 \$ per share. The first Quarter of the year the new stock was put on a 5% basis. The shares of the Company are well distributed and held for investment.

“We have inventoried our stock of whisky away below the market price and have large stocks matured and maturing sufficient for future business to maintain the quality of our merchandise; in fact the market price of whiskies would about equal the Capital of the Company.

20 “While I am on this side, if your people think favourably of my idea and should wish to have a conference, I shall be glad to have someone come here, or I would go to London. Considerable progress can be made if negotiations could be gone into while I am on this side of the water.”

Copy letter from Sir Mortimer Davis to the Rt. Hon. Lord Dewar, dated 12-3-27 marked “PERSONAL”

Attached hereto are the copies of correspondence telegrams referred to

30 My dear Lord Dewar,

As I understand that Mr. Peter Dewar is in Australia and I have received information that the Distillers Co. Ltd. has incorporated a Company in Canada, I send herewith copy correspondence which passed between myself and Mr. Peter Dewar in 1925.

40 I might state that the Canadian Industrial Alcohol Co. Ltd.; (which has several subsidiary Companies), a copy of whose Report for 1926 is enclosed, is the largest and best equipped and organised distilling Company in Canada, as to plants, manufacturing and selling organisation and its earning power is greater than that of the others combined. The other Distilleries, if you enquire, you will find, are running their business on a different policy; therefore it appears to me that having regard to the large combination in which you are interested it would be to our interests mutually to have a conference with a view to coming to some understanding for our benefit. This was done in the case of the tobacco interests in the United States when I formed the American Tobacco Co. Ltd. (of Canada), which

Exhibits.

P-253.

Letter to Lord Shaughnessy from Sir Mortimer Davis, 10th March 1927—continued.

Exhibits.

— 824 —

P-253.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
10th March
1927—con-
tinued.

afterwards was changed into the Imperial Tobacco Co. (of Canada) Ltd., the success of which is so well known.

If either you or your associates would be interested in discussing this matter I will be pleased to do so.

With my best regards,

Yours truly,

(Signed) MORTIMER DAVIS.

10

PLAINTIFFS' EXHIBIT P-254

P-254.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
1st April
1927.

Les Glaïeuls,
Golfe-Juan,
Alpes-Maritimes.

1st April, 1927.

20 The Right Hon. Lord Shaughnessy, K.C.,
Montreal.

My dear Will,

I am going to London in May and will see the Dewar people. While I have nothing definite in my mind to propose, I purpose discussing what they have for British North America and what we have, with a view of making some kind of affiliation which, to my mind, would be of considerable benefit to all concerned, especially when we can control all their different brands; in fact I would be quite willing

30 to gamble on prospect, even if the deal looked rather more favourable on their side. I acknowledge receipt of your cable re Willmore, which is most satisfactory. I hope it will continue to warrant my judgment about this man. I am anxious to know what the Government Commission are going to recommend and what McKenzie King intends to do. That must be watched very closely at Ottawa by your representative and yourself. We all know that we depend too much upon border business. There are not enough outlets for our products which must be remedied and the only remedy is to keep your men moving. If the Government hamper us by Orders in

40 Council against our interests and where these Scotch Distilleries have an advantage, we will have to ship to England in Bond and tranship. In that way we can cancel the Bond in England, from there do as we like. Personally I do not think McKenzie King wants to go deeply into this Liquor question and act as a policeman for the United States. Today, in the United States, as you know, the Liquor question is a serious political problem for both sides and McKenzie King would be acting against his interests to put his

Government in that position. I am much disappointed that I do not hear from you oftener as I expected a letter at least once a fortnight. Since my departure over three months I have only received three letters from you which naturally keeps me guessing as to what is going on. The purchase of the Walker Distillery by the Toronto Stockjobbers has or has not been a success; I don't know. The question is, have the original purchasers been able to unload their shares to the public. The stock is selling high but it is another question the distribution. That you should be able to find out in

10 Toronto or Montreal. Please send me a monthly report as to Production, Yield and Cost from the different plants compared with last year.

With my best wishes and kindest regards,

Yours sincerely,

M. B. DAVIS.

20 P.S.—We are leaving here on April 27th and arrive at the Hotel Raphael, 17 Avenue Kléber, Paris, on the following day.

M. B. D.

PLAINTIFFS' EXHIBIT P-255

April 20th, 1927.

30 Dear Sir Mortimer,

I beg to acknowledge receipt of your letters of the 1st, 2nd and 6th of April and will endeavour to answer categorically the questions raised therein.

40 As far as Dewar is concerned, it would help us considerably if you could suggest to Lord Dewar that, in view of our having more than carried out the expectations which I submitted to him at our last interview and increased their business even beyond their estimate, we should have a contract with them for five years. I intend to take this matter up with Peter Dewar when he arrives here but it would help considerably if the idea was suggested to Lord Dewar, so that he could discuss it with Peter on his return.

With regard to the action of MacKenzie King, I think it is generally conceded that nothing much will be done. We are watching the matter closely and everyone appears tired of the Customs Probe and it is gradually petering out. There will be necessity for some work when the Commission brings down its report but nothing

Exhibits.

P-254.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
1st April
1927—con-
tinued.

P-255.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
20th April
1927.

can be done by the Government until next session and the report itself will not be out until probably October or November. We will, however, watch matters closely to protect our interests.

With regard to outlets for business, we are constantly working on this and I think have opened up some new channels, which should prove successful.

From what I can gather from Hatch and others, the Nassau business this year has fallen off considerably owing to a very short
10 season of tourist traffic. While there is always a certain amount going on for backing-up purposes and which continues throughout the year, the big business is during the tourist months and this year, as the Season was only of about five weeks duration, a decided change was noticed. We will keep our end up there, however, when we get someone more capable and industrious than Read, who does not appear to have taken advantage of every opportunity in the past.

With regard to G. and W. cheap whisky, we have examined carefully into this matter and I do not think that the situation
20 warrants meeting Hatch. He is selling very little of this commodity and is not competing, to any extent, with us and it does not seem to me wise to put on a cheap brand unless we really feel that he is hurting our business as it simply means that he is giving away his whisky at a cheap price without deriving any advantage. I have gone into the sales of his whisky carefully and he is really not selling much. We had in mind putting on a brand known as "Majestic" but Cordeau would not consent and after due reflection, I think we will do better to remain as we are as our business is constantly improving and it would be poor business to sell Corby's whisky, which we need, at a
30 lower price, under a different name.

The decrease in profit of the Wiser business in March appears to be due to the Wiser agents not requiring as much of their goods. The Wiser business is suffering somewhat on account of the Cuban situation since Levin was heretofore a big buyer and when that is regulated, which I hope will be shortly now, Wisers will again be in demand.

Exhibits.

P-255.
Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
20th April
1927—con-
tinued.

With regard to my letters, I am sorry that you do not appear
40 to have received as many as you would have liked. In order to check up, however, my records show that I wrote as follows: January 3rd, 18th, 24th; February 10th. I was then laid up until March 20th, when it was impossible to write; I wrote again, however, on March 29th, April 6th, and 11th and am endeavouring to write now once a week to keep you fully informed.

Generally speaking, business is improving considerably and I hope that this month will be a good one. Everything is working well, particularly at the Distillery, where there is a noticeable co-operation

which did not exist before. We are doing much more business than any one else and I think that our friend Hatch is a little nervous about his big investment. While the stock is increasing in value, from what I can gather, the insiders are not out as the public have not gone in to any large extent.

Exhibits.

P-255.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
20th April
1927—con-
tinued.

10

There is a certain amount of speculation, of course, but the fluctuations in value are very considerable on a small turnover, which would indicate stock-jobbing. He owes four million dollars to the Bank, which he has to pay before he can declare a dividend and which it will take him some time to earn. The stock is, therefore, selling away beyond its value.

We were delighted at the success of "Accalmie" and although the dividend was small, the showing was good and Mortimer and I are looking forward to a good Season when the young ones begin to run.

With kindest regards,

Yours very sincerely,

20

SHAUGHNESSY

DEFENDANTS' EXHIBIT D-118

D-118.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
12th May
1925.

May 12th, 1927.

Dear Sir Mortimer,

30

I have spent some considerable time investigating the oil situation in Alberta and in that connection have had many interviews with the C. P. R. officials and also those of the Imperial Oil Company.

Generally speaking, they are unanimous in the idea that oil will be discovered sometime or other in that Province but, up to the present, the wells which have been uncovered do not appear to be, even the best of them, more than bare commercial prospects, the production in every case being quite small.

40

I used a man, Garland, who came in to see me to obtain minute information for me on the field and through him I have obtained a very good idea of everything which has been done up to the present.

In connection with his research, he submitted to me a proposition whereby we could secure for \$25,000 the absolute control of the Mawassin Oil Co., which is now operating some wells in the Wainwright District, one of which is producing about 50 barrels a day. I sent Poillon out there to look into the corporate construction of the Company and also to report on their properties and I found that, while they appear to be well located, they are operating under leases

obtained from other people, under which they are compelled to build a dehydrating plant and to drill certain other wells within a certain length of time, all of which would mean an expenditure, in order to fulfill these obligations, of about \$150,000 which I consider a great deal too much to put into any proposition unless sufficient results were shown to warrant it. I, therefore, turned this scheme down.

10 During the investigation, however, I ran across a man called Cunningham, who is employed by the C. P. R. as efficiency expert and whom I was informed was possessed of certain valuable information concerning this oil field.

20 Poillon and I got in touch with Cunningham, when he told the following story: Prior to the War, he was sent to Lethbridge to look into the question of coal mines, particularly in the Crow's Nest District, and while there he made the acquaintance of a German chemist and engineer called Von Oslo, who was out there on behalf of the German Government, looking into the question of deposits of potash. While they were there a miniature oil boom took place at Calgary, caused by the discovery of the then called "Dingman Well" and oil immediately began to attract every one's attention. Cunningham and Von Oslo made a very careful survey of the whole oil country and Von Oslo, who was apparently an expert, made some valuable field notes on formations, locations, etc., for his own purposes and which would probably, in the ordinary course of events, have been turned over to the German Government. These notes consisted in the locating of spots where, in the opinion of Von Oslo, the best chances were of obtaining oil. War broke out and after much difficulty Von Oslo was permitted to return to Germany and as he regarded the outbreak of War as the end of all Things, he turned all
30 his information over to Cunningham, to use as he liked.

Cunningham made various attempts to get large Oil Companies interested in the development of certain C. P. R. lands and had he been successful, was prepared to turn over all this information to them. Hudson's Bay Company, however, headed him off by making an agreement with the Marland Co. for drilling and the C. P. R. officials came to the conclusion that one big Company in the field was sufficient and Cunningham was instructed to do nothing further and the information remained in his vault. He claims that every prediction
40 Von Oslo made in connection with the field has proved correct and, consequently, he considers this information of great value. Von Oslo is now dead.

After discussing the matter fully, I made the following agreement with Cunningham: He is to submit to us all his information to enable us to study it carefully and after investigating, if we decide to take up any of the locations indicated in his notes, we will give him a $7\frac{1}{2}\%$ interest in these locations, we to retain the other $92\frac{1}{2}\%$ and

Exhibits.

D-118.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
12th May
1925—con-
tinued.

40

Exhibits.

D-118.
Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
12th May
1925—con-

10 we will pay him the sum of \$5,000 for the information. If we sell the rights at any time, he will participate to the extent of his 7½% in the amount received, or should we decide to drill on any of the locations either ourselves, or by means of any other Company, he will participate to the extent of 7½% in any royalties which would be obtained in the event of employing others, or in any Companies which we might form ourselves for the purpose of drilling. If we do not decide to take up any of the locations, we are under no obligations whatever to him except that we undertake not to disclose to anyone any of the information submitted.

In this way we can become possessed of very valuable locations at a very small cost, viz: \$5,000 and can either hold these locations with the prospect of sale at a large profit in the event of oil being discovered in large quantities in our vicinity, or develop them as we see fit and it seems to me that this is the advisable plan.

20 I have, outside of this agreement, taken over two sections by lease from the C. P. R. in the Wainwright field, which we will hold at the small cost of \$1 per acre per annum for rental and I am sending Poillon out to investigate the location furnished by Cunningham.

In this way we will be in the field and with the huge development which will take place this Summer, we may reap some benefit, on the other hand, if nothing should arise, our total loss would only be the \$5,000 paid to Cunningham and the rentals for the locations in question.

I shall advise you of the result of Poillon's investigation when his report is obtained.

Yours very sincerely,

30

SHAUGHNESSY.

PLAINTIFFS' EXHIBIT P-23C

Claridge's Hotel,
Brook Street,
London, W.1.

P-230.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
21st May
1927.

40

21st May, 1927

My dear Will,

I confirm the cables exchanged between us as per the accompanying sheet.

I have your most interesting letter and am pleased that business has picked up, and we shall go ahead and have a "banner" year.

Exhibits.

P.230.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
21st May
1927—con-
tinued.

You will have to use a sledge hammer on Perron. He is a cold-blooded proposition. At the same time, as long as he will play fair we shall play with him. I believe it would be good policy for you to get into more closer contact with the Commissioner, for instance, inviting him out to lunch and that sort of thing. As he too is of your profession you should be able to get along with him.

Watch the Bronfman's movement, which means it is the D.C.L.

10 Re Sir Mortimer Davis Incorporated.—I note what you say re the leases of oil bearing ground. Take up a big area. The only weak spot is Poillon. He is a lazy, unprogressive fellow, and I believe we should make a change.

I note you have paid a visit to the Plant, which surely will have a good effect, as even if you do not do anything it has a certain moral effect on the organisation, and I believe you should make a point of going there at least every Quarter; besides, it keeps you personally in touch with the organisation and when your understudies discuss things you are familiar in detail with the matter.

20 I am delighted you think well of Willmore.

I have been here since Tuesday and have had Mackie-Campbell (Chairman of the White Horse Board) from Glasgow to see me. He impressed me more than any young man that I have met for a long time.

30 He was quite frank in everything he said and, I believe, absolutely reliable; a good, shrewd, honourable business man aged about 41. He married the daughter of the owner of White Horse, who tied the ordinary shares into a trust. The trustees are Scotchmen in Glas-
gow (you know what this means)—and they are figuring on dis-
counting the dividends on a basis of 5%.

For instance:—The Ordinary Shares are paying 15%, which means they would get £300 for their shares in cash.

The whole transaction would involve financing about 14,000,000 dollars.

40 At our interview I said we would take an option on a basis agreed upon as a purchase price up to 80% as we want that those active in the business should continue to run the Company, and, at the same time, have a financial interest.

While White Horse is not placed in Canada, it is a growing brand and well managed.

Mackie-Campbell is to come down from Glasgow again next Saturday.

This is the big end outside of the Combination, and while

on the face of it it looks heavy, I would not be surprised, if proper terms could be made, that that would be the Company I would choose although, of course, on a 5% industrial basis—(especially the liquor business)—it is out of the question.

On the other side of the picture, we are working now to get information and discuss what can be done with a smaller proposition.

I have in mind "TEACHERS" which, according to your cable, has considerable business in Canada.

10 Grant's is a small concern, having a Capital of £35,000.

McCallum's "Perfection" is a small, but sound, well-managed Company with £200,000 Capital.

Summing the whole up, it will take some time for me to get the desired information on the different Companies before making up my mind as to the best to do.

20 Even if we do not buy any Company, we will have to form a Company here, manned by some reliable person, as it is absolutely essential that we have got to protect our present earning power by doing the same as our competitors.

D.C.L. have all the leading brands under their control, plus Bronfman lines, which, no doubt, will be the same as ours, which leaves us in a position of not having a weapon the same as our competitor has to fight.

30 As mentioned before, it is all very well to sell and help our competitor in the way of an Agency for Dewars' (through the Douglas Company) or any other brands of Whisky, for the reason that if we do not do it somebody else would. At the same time, we must not lose sight of the fact that we are thus helping our competitor.

In the course of the next two or three years it would not surprise me that we will have real fighting competition, and it is up to us to prepare for battle.

The Combination are tying everything up here and, without doubt, for export business this is the side to operate from.

40 I might mention that Mackie-Campbell said that the Combine had approached him and that he, personally, did not feel inclined as he would only be a number in the Combine.

Furthermore, I got out of him that he has no confidence in the active people there; I think, meaning Caulder and Ross.

He also said they had £1,500,000 in cash in their Treasury and owe their Bankers very little money.

Financially, therefore, they are pretty much in the same posi-

Exhibits.

P-230.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
21st May
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tinued.

Exhibits.

P-230.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
21st May
1927—con-
tinued.

tion here as we are in Canada with no debentures to speak of or other premier securities.

By having a Company here it could be used for distributing our product throughout the World (except Canada). This we have got to do.

10 I notice Walkers' "Canadian Rye" are more active than they were, and have seen "Canadian Rye" in several places both here and in Paris.

My Secretary, Mr. Taylor, is here with me and is of considerable help getting me the details of the different Companies, which gives me a line to work on.

It takes a long time to get information and do business in this Country. As soon as I have something tangible I will cable you.

I expect to return to Paris in ten days' time and, if necessary, will come back again.

20 In the meantime, push your Scotch Whisky brands in every Government, even if you lose money.

Get the public palate accustomed to DUNCAN'S "ROYAL PALACE" and "EMBASSY LIQUEUR WHISKY."

If we can get a demand in Canada for these two brands and if we have to start a Company here, these brands can be made here and imported.

30 That would put us in the same position as far as Scotch Whisky is concerned as the D.C.L.

Decide on a standard line of advertising: For example:

Johnnie Walkers' Whisky has a MAN.

White Horse " " HORSE

Etc., etc.

40 I am glad to note that you think you will be able to come over here in June. We can then go into things more fully as correspondence is never as satisfactory.

Be sure and bring Marion with you.

With our kindest regards and best wishes to you both,

Yours very sincerely,

M. B. DAVIS.

Exhibits.

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P-230.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
21st May
1927—con-
tinued.

The Right Hon. Lord Shaughnessy, K.C.
Canada Cement Building,
Montreal.

Telegrams

Mine:—"Cable estimate sales McCallums Perfection and Grants Whisky, also Teachers and any difference in selling price to the Government of other well known brands."

10 Your reply:—"Neither Perfection nor Teachers listed Quebec Stop Grants listed and purchased bulk bottled by Commission Price about Five shillings less than well known brands Stop Grants sales Quebec last year about five hundred cases Stop Teachers big seller Ontario last year equalling Dewars orders by Ontario Board Large this year believe price about same as Dewars Walkers Black and White and others Stop Grants and Perfection poor sellers Ontario Stop Teachers good seller in West and Maritimes Grants and Perfection not much good."

Copy cables exchanged

20

Yours:—"Cable received. Under Agreement Dewars we are not permitted act for any other Company. Fear any arrangement made White Horse result loss Dewar and Burnett connection. Both latter most valuable of all while White Horse not popular here and not even listed Quebec Commission. Waiting see Peter Dewar. Try to arrange five years' Contract. You may have more extensive plans but from Agency aspect my opinion not worth while."

30 My reply:—"Answering cable, from Agency standpoint, agree. STOP. My letter mailed May 3rd. covers situation, White Horse is a prosperous Company and one of the leading Brands. Am acting on my letter which has more extensive plans. STOP. What reason does Lauster, the responsible party, give for missing business at Nassau. STOP. Understand the United States Industrial changed hands. It might be well to open negotiations again. STOP. Have Ontario Commission given second order—what amount? Important that they stock all our Brands of our different Companies. Starting right means a great deal in the future."

40

PLAINTIFFS' EXHIBIT P-231 and
DEFENDANTS' EXHIBIT D-119

London, W.1

25th May, 1927.

Exhibits.

P-231 and
D-119.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
25th May
1927.

10 The Right Hon. Lord Shaughnessy, K.C.,
Canada Cement Building,
Montreal

My dear Will,

I have received your interesting communication of 12th May, and I believe you are on the right track to secure a large tract of oil-bearing land. There is no question in my mind, even as a layman, that there is oil in the West, as commonsense would tell one the oil land does not cut off at the boundary. The main thing is to take up large tracts of land and when the boom comes sell, for that is the way millions have been made in Southern California. Without risk we
20 cannot expect to accomplish anything.

Poillon to my mind, is a lazy fellow and in other words, thinks he knows more about other people's business than they know themselves. As a matter of fact I feel it would be better to have some reliable engineer who has some enterprise and grit.

I understand the International Nickel Company have found a big percentage of copper in their nickel mine. We have, as you know, about 2,000 acres of land very close to the International Nickel Co.'s property with good mineral surface indications. It
30 would be well to spend some money by prospecting this land during this Season. There have been lots of opportunities for Poillon to get something for us during the past five years but he has not done anything. We were practically the first in Porcupine. We must have people about us that bring results, not talk and making excuses.

In your communication of 11th May, you inform me of Billings Olcott & Company.

I do not consider it any advantage to sell a block of Stock in New York Market. It invariably comes back. Besides, we do not
40 want to sell a "large block". It is being distributed for investment and getting stronger. I cannot see any advantage. It is surprising how well our Stock is distributed, and as far as the Davis Corporation is concerned, what they have sold has been at very good prices, and on the whole we have been most successful from the investors' standpoint as well as our own. I still believe we should continue to sell at the present price (29-30), and if we should get below 50% I believe we could buy back cheaper. As you know our programme,

we do not purpose paying out our earnings but purpose accumulating same and putting it in Stock.

I have been here ten days and have had the necessary information about all the Distillers.

I can say this much that the Distillery Trust have got things tied up in such a way that I take my hat off to them as they can give Standard Oil and Tobacco fellows "cards and spades". The more I think of the whole situation the more I have made up my mind on the necessity of having a Scotch Whisky Distillery firm as a nucleus and to gradually develop it and do all our export trade from here. Up to now the best Company to my mind, and most suitable for our purpose is ROBERT McNISH & CO. LTD. of Glasgow and London, who make "DOCTORS' SPECIAL" Liqueur Whisky, a brand that was a big seller in the United States before Prohibition and, I believe, also in Canada. They have connections all over the world but cannot spread in a big way owing to the fact of limited capital. I have seen one of the brothers; the other one being in Norway, and he will call on me in a few days. My impression of the one I have seen is, a man of 60 who looks 50: that he is and thinks of nothing but his business. He is thoroughly informed of the Whisky trade and everyone in it, and reminds me of myself of 40 odd years in the Tobacco business. A nucleus of that kind with a small investment to start, to feel our ground for a year or two with a gradual improving of their organisation by having younger men at the selling end of their business will be much better than taking on a large concern—like White Horse—where you have to buy them on a 6% investment and invest large sums. As soon as the other brother returns they will call again and I will discuss the matter with them. He seemed to be delighted that I sent for him and feels that an affiliation with us means their business would grow very rapidly. He is well informed on everything relative to Whisky throughout the world, a good solid business man of the old school that needs some young blood.

I told him that we would want to buy 70/80% of their business and they would have to keep the balance.

As soon as I get a written option I will have Deloitte Plender & Co. here check up their Statement and keep you informed of everything that is being done; and it would also be well, as we progress, to have Willmore come over and post himself on the conditions of the Scotch Whisky trade here, as he is the only practical man who could check up for us

When you come over in June I hope to have things arranged so that we will be able to go right ahead and I shall not do anything definite until we investigate and discuss the matter together.

With my kindest regards and best wishes

Yours sincerely

M. B. DAVIS.

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P-231 and
D-119.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
25th May
1927—con-
tinued.

Exhibits.

P-231 and
D-119.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
25th May
1927—*con-
tinued.*

Since writing the above I lunched with Lord Dewar and put my cards frankly on the table and stated that we were the determinating factor in the Distilling business in Canada and our earnings were as large as the others combined

10 I also stated that if they thought it worth while to tie up with the "boot-legger" Bronfman as he built a distillery and invested considerable money and they pulled him out, buying 51% of the business this all means that they are going into our line of business of Canadian and American Whiskies and, naturally, we would have to protect ourselves.

20 I told him we had 55% and controlled, and it would be much better for them, instead of trying to establish a business with Mr. Bronfmann for the Distillery Combine to buy control, the payments of which I would be quite willing to take part cash and their Stock of the Parent Company. He made a statement that we should wait. I told him that were not going to wait as he is getting ready for the 18 foot ring, that we should also get ready for the 18 foot ring and that he is after sparring for time and thus standing back without giving him competition for Scotch Whiskies. He was very much interested and practically agreed with me but stated that Ross and Hirst were the men who handle these matters; they were at Liverpool but would be down on Monday or Tuesday and would call on me at my hotel.

There is one thing sure, we have got to fight in a diplomatic way our competitor, and offer the same merchandise as he has otherwise he will get our business.

30 He was pleased with the business that Douglas was doing for Dewar's Whisky and realises that we have the "pull" with the different Governments.

Again I want to impress on you, it is very essential to get near the Quebec Commissioner as stated in my previous letter. The Combine will use every method to get in with the powers that be and we must organise in every Province someone whom we can trust and do the trick for us and keep in close touch. This requires your personal attention.

40 I purpose looking around for a Gin Concern in order that we should have an imported Gin as well as a Scotch. The Combine control practically all the Gin people, such as Gordon, Burnett, etc.

On looking over D. M. Steindler holding Company, the only people getting anything out of the Corporation is the Salaries and Mrs. Steindler. I suppose it is alright to wait until we get an opportunity to realise some of their assets.

DEFENDANTS' EXHIBIT D-120

Exhibits.

D-120.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
31st May
1927.

31st May, 1927.

The Rt. Hon. Lord Shaughnessy, K.C.,
Canada Cement Building,
Montreal.

My dear Will,

10 I confirm my cable to you of yesterday, reading (when decoded)—

“Am taking ninety days' option Robert McNish & Co. Ltd. Doctor's Special Liqueur Brand. Glasgow and here. Old established business having good connections throughout World. Did big business in the United States before Prohibition but hampered for Capital to develop. Will make good nucleus. Two brothers are solid, active business men of excellent reputation. We buy their Assets at cost up to 80% amounting to about 160,000 dollars; they taking balance of 20%, making no goodwill. Earning about £8,000 annually. STOP. Much prefer feeling our way than involving
20 ourselves for a large amount. Having Deloitte, Plender confirm their Statement. Am writing you. Leaving for Paris Friday morning.”

I believe I have made a very good start by getting Robert McNish & Co. Ltd. I have arranged to pay the two brothers £2,000 each per annum for their services and between them 3%, of the net profit after all taxes, interest charges, etc., have been deducted, and when you take that from the present earning power it shows 10% on our money. I have enquired and they have an excellent reputation as to their integrity, etc., and they also have connections throughout the World
30 (India, South Africa, Australia, etc.), which would make a good nucleus for us in developing their business also our own Canadian Whiskies, which would mean we would cut expenses by one half. When you come over I will go into the whole thing and we shall map out a campaign. There can be made quite a lot of good propaganda with the purchase of this business; Canadian Capital invested in Scotch Whisky Distilleries, which means the earning power comes to Canada. In the meantime I do not suppose it will leak out here. I think Willmore should come over and get into touch with the McNish's who are able to get him his different malts
40 instead of buying from the Trust, our Competitors. Besides, I would like to have Willmore check up their Inventory.

I size the whole Scotch Whisky Industry as nothing but a pure advertising proposition with, naturally, the proper blend. It is very simple to the big Capital investment in Plant that we have to make in Canada. The Scotch Whisky Industry has been well nursed by the Scotchmen and I consider with our influence we should make a huge success of this venture. The Quebec Commission, I understand,

have it listed. What we want is to see Cordeau and tell him privately that we are investing in this Scotch proposition and we would consider it a favour if he would distribute it throughout the Stores; we then must get up behind it by advertising and salesmen to push it to the consumer. The advertising must be created over here as much as possible and we want to give the public the impression that we are a great, big concern like "Dewars'" and "Black and White" operating throughout the World from Glasgow and London.

10 Doctor's Special have 10 salesmen out in England and it is placed in some of the best hotels, for instance, they sell considerable at this hotel. I told McNish that what we want to do is to advertise in Canada that this Whisky is sold at "Claridges," etc., in London, also in India, South Africa and Australia, etc. That will impress the consumer, in getting the Quebec Commission to take hold, the same applies to Toronto and the other Provinces. It has considerable sale in Manitoba and British Columbia. I am quite satisfied that the McNish Bros. can be absolutely trusted; what they need is some understudies which would come as the business grows. They are of
20 the old Scotch school and quite a different type to Wee McLeod. Their whole aim is to build, not to gamble. See if you can arrange that we can ship a number of cases to each Government to place same in the Stores before we start an advertising campaign even if we have to consign first order. Cable me what you have done.

What will strike you on this proposition is the loss, eventually, of the Dewar Agency of J. M. Douglas. The 15/20,000 Dollars we make on this Agency, which is uncertain, and our helping our competitor, is bad business, so I would just drift along until the question arises from Dewar. We can then state, if we think it necessary, our
30 position. Meanwhile, get DOCTOR'S SPECIAL in Ontario as there is a great deal in getting our merchandise in at the start.

With my best wishes and kindest regards,

Yours sincerely,

M. B. DAVIS.

Exhibits.

D-120.

Letter
to Lord
Shaughnessy from
Sir Mortimer Davis,
31st May
1927—*continued.*

40 P.S.—Doctor's Special is well known in the States and we can do a lot of Border Business with this brand. Let me know by cable whether we shall make a shipment to St. Pierre, Nassau or any other place. I would like to start by placing a large order for this Brand in order to show McNish's that we can place merchandise, which he so counts on. The address of the firm is Robert McNish & Co. Ltd., (Registered Office 55 Washington Street, Glasgow), and 9 & 10 St. Mary-at-Hill, London, E.C.3.

DEFENDANTS' EXHIBIT D-121

London, W.1.

25th July, 1927.

Exhibits.

D-121.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
25th July
1927.

Sir Mortimer Davies
Royal Hotel,
Deauville.
10 France.

Dear Sir Mortimer,

I had a long conference with McNish this morning and we went carefully over all statements submitted for the purpose of arriving at a basis of value.

20 In view of the Agreement to fix the market value of stock the assets valued in the report of Messrs. Deloit & Co. must be increased by the amount of about £10,000 making a total valuation of assets of £41,144.

Of this amount we take 90% or £38,029. 12. 0. upon payment of which they will deliver to us:—

A. 5,875 shares of 6% Cumulative Stock £1 par value.

B. 9,000 Ordinary Shares of £1 par value.

An Agreement is being drawn up embodying the above and also the other terms of the option of June 1st, 1927.

30 I have given careful consideration to the matter of the large flotation which you have in mind and I am afraid we may experience some slight difficulty by reason of your desire to have all but two of the Directors resident in Canada, but I shall advise you further on this point when we have seen the solicitors to-morrow.

40 The question of a large flotation such as you mention gives me some concern for two reasons—first of all because at present the Company is too small to warrant any such issue and its earning power wholly insufficient, but of course this may be overcome by the guarantee of the Alcohol Company; secondly the problem of placing their goods in all the commissions and establishing export connections is not by any means an easy one and will take some time to work out, even with the greatest enthusiasm as can be brought to bear on the question.

I was wondering whether it would not be more advisable for the time being at least to increase the capital by £1,000,000 authorised, in order to give us time on my return to carefully survey the situation and form our own conclusions as to the prospect of ultimate success,

Exhibits.

D-121.
Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
25th July
1927—con-
tinued.

this particularly in view of the fact that from enquiries I have made I find that their Brand is not much of a seller even in London.

McNish assures me that he can procure sufficient capital to carry on until things get properly started, and the fear that I have is that in the event of our not being able to sell the quantity of stock which we hope to over a period of time the Alcohol Company would become involved in a liability by way of guarantee which would be of a serious nature.

- 10 Briefly my point is that we should have some opportunity of testing out the possibility of making a great success of this Brand before involving ourselves in heavy obligations in that respect.

I do not want you to think from this that I am not in sympathy with the idea as on the contrary I consider that if successful it would be a great stroke, but the large flotation which you have suggested could be done with much more safety after we have sized up the situation rather than before.

- 20 I will keep you fully advised as to each step and will do nothing towards closing without your approval.

Trusting that you are feeling much better and with deepest regards to Eleanor.

Yours very sincerely,

SHAUGHNESSY.

DEFENDANTS' EXHIBIT D-122

30

Deauville

27th July, 1927.

D-122.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
27th July
1927.

The Right Hon. Lord Shaughnessy, K.C.
Canada Cement Building,
Montreal
(Canada)

- 40 My dear Will,

I have your communication of the 25th inst., and have telegraphed you immediately this morning as follows:—

“ANSWERING LETTER HAVE GIVEN PROPOSITION SUFFICIENT THOUGHT AND DO NOT SEE ANY REASON TO CHANGE. PLEASE CARRY OUT INSTRUCTIONS. STOP. AGREED GIVE McNISH ONE THOUSAND POUNDS

NOT TEN THOUSAND POUNDS DIFFERENCE BETWEEN HIS FIGURES AND WILMORE'S. YOU HAVE OPTION"

10 The valuation of assets was made between Wilmore and McNish's and if "over" market price we deduct; if "under" market price it was to remain the same. You will see this in the Option or at any rate it was definitely understood; but I agreed, you will remember, to give McNish's £1,000 not £10,000, the amount he claimed from Wilmore, so that there is a difference of £9,000 according to your statement.

I can see by the tone of your letter that you are timid with the proposition, which surprises me:—

Firstly:—I know McNish's brand is not a big seller otherwise their volume of business would be considerably more.

20 Secondly:—The money we will get to develop this industry I have explained to you several times the advantages of, and the risks to my mind is "nil" except the actual loss in the development of McNish's if it was not a success; besides, the money can always be used or loaned outside and the interest earned.

Thirdly:—What you seem to forget is that we have got to go into the Scotch Whisky business whether we want to or not, and if you are going to face your competitor with a "shot gun" there is not much chance for you as money talks in commerce.

The question we have got to decide is: "Is McNish's business a nucleus to work on?"

30 Colonel McNish is a blender, and his brother as a salesman for a certain class of people, and also to guide us, having had years of experience in the way of past history of the trade and their knowledge of all the details (but for a team of up-to-date, progressive and aggressive merchants they are not, nor am I banking on their being such), and I have made up my mind, without telling them, to put a real live wire in the concern. If it is not Thornton it will be somebody else.

40 I want this deal advanced without any delay as I consider it is a very opportune time to raise the necessary money, viz:—One million pounds, and I want you to bear in mind it is not an "over-night dream" as this proposition has been in my mind from the time I became aware that the Combine had bought a Canadian Distillery. I have given it the utmost consideration and am quite satisfied that I am right and fully decided to go ahead.

I am decided that the name "DOCTORS'" in the brand is wrong, therefore I want them to call the Whisky:

"McNISH'S SPECIAL LIQUEUR WHISKY" (same as Dewar's), Scotland's Pride, &c., &c.

Exhibits,

D-122.

Letter
to Lord
Shaughnessy from
Sir Mortimer Davis,
27th July
1927—continued.

Exhibits.

D-122.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
27th July
1927—*con-
tinued.*

Keep the design of the label as it is. There is no detriment in having a plain bottle and a plain label. The other Distillers have been running to fancy bottles and labels and we can use this point in advertising after carefully thought out.

We are looking forward to seeing you as soon as you have matters completed.

With our best wishes and kindest regards,

10

Yours truly,

M. B. DAVIS

P.S.—What we want is a set advertisement with a few words:

Scotland's Pride
McNish's Special

20 In all your large ads you can use a Highlander with a bottle of Whisky in his hand, looking at with pride and a pleased expression. Stick to that all over the world and don't use anything else, on the same lines as Larkin made Salada Tea. That advertisement has not been changed in 30 years. Have a new label made at once and submitted to me.

PLAINTIFFS' EXHIBIT P-256

30

HOTEL RAPHAEL,

17, Avenue Kléber,
PARIS (16),

2nd November, 1927.

P-256.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
2nd Nov-
ember 1927.

The Right Hon. Lord Shaughnessy, K.C.,
Canada Cement Building,
Montreal

40 My dear Will,

I have been laid up with the grippe for five days in the hotel, therefore postponed my trip to London until next Sunday. It has made me quite weak and depressed, the usual after-effects of that malady.

I trust that the many things we discussed and decided to do you are putting under-way with as little delay as possible.

Exhibits.

P-256.

Letter
to Lord
Shaughnessy from
Sir Mortimer Davis,
2nd November 1927
—continued.

The Officials, promotion and stock interests I would like done at the first opportunity time.

Increasing capacity at Corbyville I trust you will get to its limit as it is important we must produce very heavily for the next three or four years.

I do hope that our salesmen for all the Companies are on the move. This is the time to get the fall and winter business.

10 The Sir Mortimer Davis Finance Corporation has been in my mind considerably and the more I think about it the greater I believe the opportunity for a considerable, important development of the Sir Mortimer Davis Incorporated. As soon as you get time have a man to take this Company in hand.

Please keep me posted about everything so that I can be conversant with matters.

20 It is remarkable how McNish's Whisky is going in Paris seeing there has been no expenditure made to advertise it. Wherever it has been used it is spoken of in the highest terms and we are getting repeat orders daily. I hope the same will be in England and in Canada. Have our whole force in all our Companies drive and boost McNish. We should get an enormous business for export.

I will look around when in London and get a Gin.

I believe when Kelly comes over he can arrange to get merchandise and control of brands on the lines we discussed for J. M. Douglas & Company, which will return that Company considerable money. I am getting information and looking around in order to be able to post him.

With my best wishes and kindest regards,

Yours sincerely,

30

M. B. DAVIS.

Oct. was splendid, we ought to go \$4,000,000 this year.

PLAINTIFFS' EXHIBIT P-267

19RABR 14 COMML Nov. 11

Paris 215 p.m.

40 Shaughnessy
Montreal.

Translation:—

What percentage of debentures were taken up outside of ourselves. What did Distillers Company Limited crowd have to say, also state what plan are they formulating in Canada.

1021 A.M.

P-267.
Cablegram
to Lord
Shaughnessy from
Sir Mortimer Davis,
11th November 1927.

PLAINTIFFS' EXHIBIT P-268
TRANS-ATLANTIC CABLEGRAM

Exhibits.

P-268.
Cablegram
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
14th Nov-
ember 1927.

November 14th, 1927

DAVOS,
Paris.

10 Translation:—

Bank has agreed to make advance for the purpose of taking up debentures in New York funds, interest at $4\frac{1}{2}\%$ per annum.

SHAUGHNESSY.

Charge Sir Mortimer Davis., Inc.

20

DEFENDANTS' EXHIBIT D-123

PARIS,

14th November, 1927.

The Right Hon. Lord Shaughnessy, K.C.
Canada Cement Building,
Montreal (Canada)

D-123.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
14th Nov-
ember 1927.

30

My dear Will,

I am certainly disappointed and grieved at Mortimer's behaviour and I have had my lawyer here make a Codicil to my Will which I will send to you as soon as I get something definite as to Mortimer's actions. I have decided to let him stew in his own mess and to forget him. Do not re-elect him as Director of the Davis Corporation or to any Directorship that he holds and stop the allowance at once; also keep the houses closed. Have Godsall and his wife look after the Montreal House and at St. Agathe the couple that are there as I wish
40 the houses to be heated and kept clean as it does not pay to do otherwise as they will only depreciate. In the meantime if I get a fair offer for those places I would seriously consider selling. Joseph is not of much use in selling but we cannot very well go by him; at the same time I would have a man like Ewing. Do not put signs "For Sale" up; it should be done privately. The Agents must be given to understand that the commission would be paid to the one who sells. In other words, we are not obligated to any one Agent.

Exhibits.

D-123.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
14th Nov-
ember 1927
—continued.

I have had the grippe and was in bed for about a week, and what with my disappointment with Mortimer I am not well and hope to get South just as soon as I can straighten up things here. I will write you a business letter as soon as I am fit.

Our meetings with the McNishs, Turnbull and Parrott were very satisfactory. I enclose a programme as to policy. They were here four days and I think we thrashed everything over as to future policy and I feel assured that they are all most optimistic for the future.

10 I have taken the Chairmanship of the Company as the Imperial Tobacco Company of Canada have so many stockholders in England that it will help the Company.

I again must remind you of the necessity of getting a big man as an understudy to you.

Johnson of Greenshields' and Andrew Holt dined with us last night and I told them you were going to form Davis Finance Corporation shortly as I considered there was a very good opening for the Finance Company as the only people now were the National City, Gundy and Dominion Securities.

20 The main thing is to get a man, whom I trust we will be able to get very soon.

With all our different interests and so much of your time being absorbed with the Alcohol and other things it is absolutely essential that we should get a big man at once as your understudy.

Eventually it will be necessary for you to be over here more if we are going to develop the McNish Company and the Finance Company.

30 me. With my best wishes to you and yours, in which Eleanor joins

Yours sincerely,

M. B. DAVIS.

PLAINTIFFS' EXHIBIT P-269

P-269.

Cablegram
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
16th Nov-
ember 1927.

November 16th, 1927

40 DAVOS,
Paris.

Translation:—

940,000 debentures subscribed for to-day out of total of 969,000.
Expect others will be in within next few days.

SHAUGHNESSY.

Charge Sir Mortimer Davis, Inc.

PLAINTIFFS' EXHIBIT P-257

MONTREAL, November 26th, 1927

Exhibits.

P-257.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
26th Nov-
ember 1927.

Dear Sir Mortimer,

10 There is nothing of great importance to report this week except that the Alcohol business this month is setting a record unprecedented in the history of the Company. Business has increased beyond all expectations in all territories and the principal difficulties now consist in getting enough merchandise bottled and ready for shipment and providing for enough stock to sell and in this connection, it may be necessary for me to buy a quantity of whiskey in order to keep up with demands, if they continue at the present rate, and to tide over the period until some of our own stock becomes matured.

20 I have been giving considerable thought to future financing as you can see we are going into a year of very large expenditure. The completion of two warehouses of a combined capacity of 64,000 bbls. and the additions and alterations to plant in order to increase capacity will cost about \$620,000. In addition to this, the cost of manufacturing of alcohol, according to the increased programme, and barrels for storage purposes, will amount to about \$1,590,000 making a total for manufacturing programme of \$2,210,000.

30 If we carry out your idea and give to the shareholders a bonus of 20% of non-voting stock, our dividend obligation is thereby increased by \$256,000 and until the McNish Co. gets into a position to pay interest on the debentures, we shall probably be called upon further for \$300,000 per annum for this purpose.

The sum total, therefore, is about \$2,210,000 on what might be called capital account and the increase of \$550,000 for dividend and interest.

40 As long as business keeps up as it is there can be no question but that the above increase will be easily earned but it has run through my mind, merely as a suggestion, that, with the popularity of our stock in the market, we might be in a good position now to benefit our shareholders and ourselves by one stroke. The stock is selling now at 42 and is strong at that figure. We might issue to our shareholders 125,000 shares of new stock non-voting at 20, through the sale of which we would derive the sum of \$2,500,000 which would more than meet our capital requirements for the year and the dividend upon which would only increase the present dividend payments by \$160,000. The shareholder would benefit since he would obtain at 20 stock selling in the market at 42 and could either take up his stock or sell his rights at whatever price they would work out but one might venture to guess would be around \$3 inasmuch as each shareholder would

have the right to subscribe for one share of new stock for every eight shares of stock already held.

Of course, this is not a free gift to shareholders but judging from the way our shareholders threw their McNish rights on the market, causing them to drop from thirty cents to one cent and resulting in our getting our money for the debentures principally from the public who bought the rights and not the shareholders, I do not think that they can complain if they do not receive something for nothing this
10 year.

There are two principal difficulties in connection with this policy; the first concerns the issuance of non-voting stock and the effect that such an issue would have on the market. If viewed from the angle that it is only an addition to the shareholders' present holdings and that it is of equal value and carries the same rate of dividend as the voting stock, it would not seem to me that there is any reason to believe it would sell at a lower price particularly in view of the fact that the money which the Company would derive from this
20 sale would stand all capital expenditures, making it unnecessary to take the same out of earnings and with the reserves and earnings of last year and maybe this year remaining intact, the value of the already issued stock would be, of course, very greatly enhanced and the prospect of paying a larger dividend would be much greater. The second difficulty arises in connection with Sir Mortimer Davis, Incorporated. Under the above plan, it would be necessary for us to subscribe for about 63,000 shares of this stock, which would cost us \$1,260,000 on the resale of which at between 35 to 38 (taking what I consider to be a low figure) we would realize about one million dollars,
30 instead of some three million dollars which would be realized by the stock bonus method but it must be remembered that our remaining 473,000 shares would be made much more valuable in view of the excellent financial shape which the Company would be in for the future, if the above method were adopted.

As stated above, I only mention this as a suggestion and would be glad if you would think it over and let me have your mature views on the question. While I am delighted at the tremendous business we are doing I am always thinking of the "rainy day" and it goes somewhat against the grain to incur obligations which, in a bad year,
40 might prove very embarrassing.

I have not seen our friends from Scotland as they have not yet returned from the West. Huntley Drummond has been dodging me and, apparently, does not wish to discuss his position yet. Marchand came to see me and explained that he had not yet completed arrangements with the Fleishman interests and, therefore, would not be in a position to talk to me for another couple of weeks. There is

Exhibits.

P-257.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
26th Nov-
ember 1927
—continued.

no hurry, however, about any of these things as we are going strong without them but I will advise as soon as I receive anything definite.

Exhibits.

P-257.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
26th Nov-
ember 1927
—continued.

You have, no doubt, heard that C. R. Hosmer passed away and it seems to have been a happy release for the poor man, who was suffering considerable, before the end.

10 We will have two vacancies for Directors at the Annual Meeting and I have in mind appointing Wilmore and Kelly to the Board as I understand it is your desire to eliminate, as far as possible, outsiders and confine the Board to our own people. They are both doing excellent work and I think will appreciate the honour and, if satisfactory, on receipt of a cable from you to that effect, I will have them appointed.

The Asbestos Corporation is doing pretty well but, owing to two or three poor months in the beginning of the year, will only make about \$2 on its common stock.

20 I saw Hatch the other day and he is experiencing some difficulty in the amalgamation of Walkers and Gooderham & Worts inasmuch as Walkers have all the assets and the shareholders of which do not care to be treated in the same way as the shareholders of G. & W. who are contributing practically nothing but goodwill. After the amalgamation he will increase his capital by the sale of a few thousand shares at 50 in order to pay off all bank liabilities and the thought occurs to me that while we continuously benefit shareholders and incur increased liability without return, he seems to be able to go into the market and sell as much stock as he likes at good prices notwithstanding the fact that he does not pay any dividend and does not possess anything like the reputation for earnings that we do.

30 I am working on the financial company and have talked to one or two men but will not be able to get at it seriously until after my Annual Meeting, as I shall be terribly busy until then.

I hope you are keeping well and not worrying as I feel sure that everything will turn out for the best and I am only sorry that I was unable to be of service when the time came.

With kind regards to Eleanor, in which Marion joins,

Yours very sincerely,

SHAUGHNESSY.

Exhibits.

P-271.
Cablegram
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
9th January
1928.

PLAINTIFFS' EXHIBIT P-271

Shaughnessy,
Montreal

Paris, Jan. 9, 1928

Translation:

Have not answered my question Dewars Agency. What are prospects and what has been done re McNish exports. Who is man you are sending to Europe? Not going to Egypt remaining here. When do you list debentures? What is the quotation?

10

DAVIS.

PLAINTIFFS' EXHIBIT P-270

CANADIAN PACIFIC RAILWAY COMPANY'S
TELEGRAPHS

TELEGRAM

Paris, DEC. 6th, 1927

20

Paris —555 p.m.

Shaughnessy,
Mont., Que.

119 p.m.

When are you listing McNish debentures?

DAVIS.

PLAINTIFFS' EXHIBIT P-264

30

CANADIAN PACIFIC RAILWAY COMPANY'S TELEGRAPH
TELEGRAM

PARIS, Dec. 7, 1927

Shaughnessy,
Montreal, Que.

Translation:—

40 Answering your letter 26th ultimo consider your suggestion very favourable. STOP Price stock to-day returns 3% STOP Would be necessary to hold stock at 40 to 42 get confidential opinion from good financial man STOP Would be necessary at the proper time create propaganda telling public future and present condition of company STOP Do not consider non-voting detriment and shares should sell at same price as is done in the United States STOP Hatch's is a stock proposition STOP Telegraph decision STOP If you have to buy American whisky owing to old age it might change

P-264.
Cablegram
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
7th Dec-
ember 1929.

Exhibits.

P-264.

Cablegram
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis
7th Dec-
ember 1929
—continued.

— 850 —

present formula STOP Perhaps stock Marchand has would be
more suitable Wilmore could decide STOP Pleased with your
recommendations for Directorships Wilmore Kelly STOP How is
McNish going must get big export trade as well as Canadian STOP
Large shipments have been made by combine to Vancouver and the
East STOP We can meet competition on bulk or Special Brand.

DAVIS.

10

DEFENDANTS' EXHIBIT D-124 (a)

CANADIAN PACIFIC RAILWAY COMPANY'S TELEGRAPH
TELEGRAM

D-124 (a).
Cable
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
7th Dec-
ember 1927.

PARIS, Dec. 7 1927.

Lord Shaughnessy
Montreal.

20 Have well packed and shipped entire bedroom furniture including
pictures and rug in my room at Pine Avenue House to Villa also all
solid silver at house stop have affidavit made household effects to
save duty. DAVIS.
315 p.m.

DEFENDANTS' EXHIBIT D-124 (b)

Jan. 5, 1928.

Dear Sir Mortimer,

D-124 (b).
Letter
to Sir
Mortimer
Davis from
A. M.
Reaper,
5th January
1928.

30 We enclose herewith Bill of Lading covering shipment of fur-
niture from your room and of silverware from your residence here,
also copy of packing list and copy of list giving value of silver as
appraised by Hy. Birks & Sons for insurance purposes. The fur-
niture was valued by Hy. Morgan & Co. at about \$3,500 and provid-
ing for shipping expenses, the shipment was insured for \$6,000.

40 Declaration was made as to household effects and original docu-
ments have been forwarded by Morgan Trust Co. to their represen-
tatives in Cannes, who will make necessary arrangements for
delivery at destination. The shipment went forward on the S.S.
"Valcerusa," which sailed from St. John on Dec. 28th and should
arrive in Marseilles towards the latter part of January, having to call
at other ports en route.

Trusting shipment will arrive safely.

Yours very truly,

A. M. REAPER.

HENRY BIRKS & SONS, LIMITED

Montreal, Dec. 9, 1927

Mr. Godsall,
516 Pine Ave. W.,
Montreal, Que.

RE VALUATION OF SILVER FOR SIR MORTIMER DAVIS

10 Dear Sir,

We have valued the following articles for insurance:

	1 Bread Tray.....	\$50.00	
	1 do	30.00	
	1 Paper weight.....	2.00	
	1 Comporte.....	45.00	
	1 Butter dish.....	20.00	
	1 Cigarette box.....	30.00	
	1 do	35.00	
20	12 b.b. dishes.....	2.00 each	
	12 Entree dishes.....	125.00	
	1 Oblong tray.....	200.00	
	6 Peppers.....	7.00	
	3 prs. Salts and spoons.....	18.00 pair	
	1 Sauce boat and tray.....	22.00	
	1 Grape scissors.....	4.00	
	1 Relish dish.....	45.00	
	2 B.B. comports.....	25.00 each	
	2 do	30.00 "	
30	4 B.B. baskets.....	25.00 "	
	12 Individual plates.....	8.00 "	
	4 Dutch silver shakers.....	5.00 "	
	1 Strainer.....	4.00	
	1 B.B. spoon.....	5.00	
	4 Ash trays.....	10.00 each	
	1 Sugar bowl.....	20.00	
	1 Pie server.....	10.00	
	4 Vases.....	50.00 each	
	1 Large vase.....	175.00	
	1 Doz. I.C. spoons.....	20.00	
	1 Doz. Entree forks.....	25.00	
	1 Small vase.....	12.00	
	1 Cream jug.....	20.00	
	1 Lettuce server.....	10.00	
	1 Cream ladle.....	4.00	
	Pr. salad servers.....	20.00	
	1 Coffee set.....	75.00	

Exhibits.

D-124 (b).
Letter
to Sir
Mortimer
Davis from
A. M.
Reaper,
5th January
1928—con-
tinued.

40

Exhibits.
D-124 (b).
Letter
to Sir
Mortimer
Davis from
A. M.
Reaper,
5th January
1928—con-
tinued.

2 Gray bowls	60.00 each
1 Card tray	45.00
10 Skewers	12.00
6 Nut picks	1.00 each

Trusting that this will meet with your approval, we are.

Yours very truly,

HENRY BIRKS & SONS LIMITED,

(Sgd.) J. Craig.

Total value \$1,842.00.

PACKING LIST

Goods packed in storage and shipped to Sir Mortimer B. Davis,
Villa les Glaieuls, Golfe Juan, A/M., near Cannes, France.

20 Per S.S. "Vulcerusa"

1 Lift Van Household goods containing:

- 1 Case: 3 Sauce boats, 1 with loose tray
- 1 Cheese and butter dish (glass repaired)
- 4 Bonbon dishes
- 4 " baskets
- 1 Cake stand
- 1 Cake basket
- 30 1 Long tray
- 1 Bread tray
- 1 Cream jug
- 1 Milk jug
- 2 Sugar basins
- 1 Butter dish
- 6 Salts with spoons
- 6 Peppers
- 4 Small peppers
- 1 Set vases, 1 large, 4 small
- 40 1 Small crest
- 2 Cigarette boxes
- 4 Ash trays
- 12 Fruit spoons
- 1 Solid silver fork and spoon
- 12 Oyster forks
- 1 Sauce ladle
- 1 Grape scissors

		1 Long serving fork
		6 Nut picks
		10 Skewers
		12 Olive dishes
		12 Bread and butter plates
		12 Entree dishes
		1 Pie knife
		2 Strainers
10		1 Round tray with writing set
		1 Paper file
		1 Coffee pot
		1 Rug
		10 Pictures
		1 Mirror
		2 Mirrors and stands
		1 pr. Bedsides
		1 pr. Bookrests (1 chipped)
20		1 pcl. Screws and bolts for bed
		1 Couch
		1 Wood bed complete (top damaged)
		1 Electric lamp
		3 Brass candlesticks
		1 Uphol. arm chair
		1 Uphol. spring
		1 Brass fender
		1 Brass fire screen
		1 Set brass fire irons
30		1 pr. Fire dogs
		1 W.P. basket
		1 Quilt
		1 pcl. Curtains and valance
		1 Bolster and pillow
		1 bdle. of Bedding
		4 Stools
		1 Jardiniere stand
		1 Nest of drawers
		3 Centre tables
		1 Arm chair (back broken)
		1 Mattress
		1 Chair (back repaired)
		5 Cushions
		1 Dressing table
		2 Bedside stands
		1 Chest of drawers (mkd and chipped, side split).
	Exhibits.	
	<hr/>	
	D-124 (b).	
	Letter	
	to Sir	
	Mortimer	40
	Davis from	
	A. M.	
	Reaper,	
	5th January	
	1928—con-	
	tinued.	

Exhibits.
D-124 (b).
Letter
to Sir
Mortimer
Davis from
A. M.
Reaper,
5th January
1928—con-
tinued.

Je soussigné certifie que les objets figurant sur la liste ci-contre appartiennent a Sir Mortimer B. Davis, qui a quitté le Canada pour établir sa résidence en France.

Ces objets sont a l'usage personnel de l'interessé et non destinés a être vendus.

Declared before me at Montreal this
..... day of December 1927

10

PLAINTIFFS' EXHIBIT P-265

DAVOS, PARIS
Translation:—

December 9th, 1927

P-265.
Cablegram
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
9th Dec-
ember 1927.

20 After consultation financial people feel issuance new stock on terms contained my letter alone might have detrimental effect market and make difficult keep stock present price. My final suggestion is carry through issuance as contemplated and in addition put all stock \$1.50 per annum basis, this will only increase dividend requirements by about \$230,000 all told which can easily be earned and will have effect create incentive shareholders take up new stock at same time holding up price. If you agree will act accordingly. Please advise.

SHAUGHNESSY.

30

PLAINTIFFS' EXHIBIT P-266

CANADIAN PACIFIC RAILWAY COMPANY'S TELEGRAPH

PARIS DEC. 10th, 1927

Shaughnessy
Montreal.

Translation:—

P-266.
Cablegram
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
12th Dec-
ember 1927.

40 If as you state your increased dividend requirements 1928 will be only about 230,000 dollars agree. Who did you consult? Witnesses did not leave France. What are this months prospects and what are prospects for McNish Canadian and export STOP New York buyers should get behind McNish. We can also make any private brand they want STOP Leaving to-night for Villa.

DAVIS

840 A.M.

PLAINTIFFS' EXHIBIT P-232

Exhibits.

—
P-232.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
24th Dec-
ember 1927.

PRIVATE

LES GLAÏEULS,
Golfe Juan (A.M.)
24th December, 1927.

The Right Hon. Lord Shaughnessy, K.C.,
Canada Cement Building,
10 MONTREAL (Canada).

My dear Will,

I confirm my two cables to you as per accompanying notes. Have you had a chance of talking to W.? I hope when you do so you will follow out the lines I mentioned as I want to get rid of him. He is not entitled to any consideration and I am going to treat him in the manner he deserves.

I am glad to know that Mason Valley are doing something. No
20 doubt if copper goes to 15 cents we ought to be able to get the greater portion of our money back.

The drilling of the Nickel property continues; it is worth while. International Nickel have made a big find, 10% copper, but I am still of the opinion that Poillon and his crowd are sleepy heads and we should get some active engineer located in the mining districts. Every day I read of new fields and good properties being found but we do not seem to be able to get at anything. Poillon is too much of a pessimist, just sitting quiet and afraid to take a chance, thinking of
30 his reputation.

Steindler Co. Cut down their expenses. There is no reason why we should continue to pay young Steindler and the Widow money when we are losing interest on their indebtedness and no prospect of realising on their assets. I believe they have been treated better than anyone else would have treated them, and there is a limit to what we should do in a case of this kind. Steindler must have known when we advanced the money that he could never repay it unless the Copper proposition was a success.

40 Keep at Kelly; he is responsible for the selling end of the business and let him post himself thoroughly on the exports from Scotland concerning which you can get considerable information out of Harper's magazine. I understand you and Kelly receive that publication.

Wherever McNish has been sold it has been repeated but it is going to take time to get an organization together, and inasmuch as 4000 Canadians are stockholders in the Alcohol Company, (which

Exhibits.

P-232.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
24th Dec-
ember 1927
—continued.

is the Parent Company), all the Governments should make a special effort to sell McNish, besides the connections we have in New York when they buy our American and Canadian brands they can handle an enormous quantity if properly approached.

I understand the bulk whisky shipped to St. Pierre last month was sold f.o.b. Glasgow 25/-. We can take care of that trade and in fact any bulk business at ruling prices.

10 What I am after is a big turnover as quickly as possible and if we can get our share of the Canadian business we can pay expenses and earn the interest on our debentures in 1928.

We are preparing now to send two men around the world to get after the export trade as the profit in export is much larger than the domestic trade. At the same time we must have the home market where we will make money when we get volume. In the meantime if we can get export it will help to reduce our expenses very materially.

With my best wishes and kindest regards,

20

Yours sincerely,

M. B. DAVIS.

P.S.—Has Mrs. Ida Brown's stock been transferred back to her?

PLAINTIFFS' EXHIBIT P-37 and DEFENDANTS'
EXHIBIT D-58

30

P-37 and
D-58.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
3rd January
1928.

LES GLAÏEULS

Golfe-Juan,
Alpes-Maritimes,

3rd January, 1928.

40

The Right Hon. Lord Shaughnessy, K.C.,
Canada Cement Building,
Phillips Square,
Montreal.

My dear Will,

I confirm my cable of today reading:—(Decoded) "Have you acted Employees' stock and also promotions as discussed? What are you doing re American Rye?"

Exhibits.

P-37 and
D-58.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
3rd January
1928—con-
tinued.

It is very important that the Staff business should be done and that it should date back from the time we told them they would be interested.

Please officially notify the Organization that the two Assistants to the Sales Department are, I understand, to be:— Curran and (I forget the name of the other man) and also officially inform any other changes you might make in the way of promotions.

10 I would like to hear from you as to the development of each important man in your organisation, whether he is improving or if his services are depreciating.

Re Shortage of American Rye:—It is much better not to take any chances than to send out inferior quality.

I cabled you yesterday as follows:—(Decoded)

“Referring to your letter of 21st ultimo congratulations on your splendid address to shareholders stop Williams treat as suggested two years ago stop when is Hersey sailing?”

20 The Statement of the Industrial Company, to my mind, was excellent as were also your remarks to the Shareholders. It was sound and should appeal to the sound investor.

Diplomatically, cut O'Brien and Williams out as suggested to you two years ago. I enclose a letter from them which speaks for itself.

30 McNish are getting good results from our “free bottle in each case” scheme. There is no doubt that within two or three years McNish will be quite an earning power for the Industrial Co.

I was pleased to receive your cable re Mason Valley Copper Co. I do trust that the profits will hold up.

What are you doing re financial man for the Davis Finance Corporation? There are wonderful opportunities for a Company of that kind.

40 We are sailing from Genoa for Egypt per s.s. “Esperia” on 2nd February. I will cable my address from time to time so that I can keep in close touch with affairs. You had better address the “mail” here. I expect to be away about one month and think the change will do me good.

With my best wishes to you and yours,

Yours very truly,

M. B. DAVIS.

PLAINTIFFS' EXHIBIT P-38 and P-180

LES GLAÏEULS

Golfe-Juan

Alpes-Maritimes

19th January, 1928

10

Exhibits.

P-38 and
P-180.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
19th Janu-
ary 1928.

The Right Hon. Lord Shaughnessy, K.C.
Canada Cement Building,
Montreal.

My dear Will,

20 I have received your cable of yesterday as per copy herewith and confirm my reply of which a copy is enclosed.

It has struck me that it would be a good idea that all your subsidiary Companies should meet every two weeks with representatives of the Parent Company present to discuss what is going on in the Trade, and what they have seen and learned about our competitors, plus any suggestions they might make to the Parent Company to improve their respective Companies.

You, Kelly, Lauster or Curran should be there.

30 I hope you have not forgotten, when you are getting under way, the shares to be sold to the smallest and highest employee of the Company (I would go as far as the man handling your coal; in fact throughout the whole organization,) to sell these shares a little below the market price and let them pay same out of their wages, the Company charging a low rate of interest. This is important.

Every large American Corporation has been doing this and it has turned out a big success.

40 John Stormont should have an understudy. If anything happened to him you have not got anyone to replace him; therefore see that you put in a bright young man to work under him.

With my best wishes and kindest regards,

Yours sincerely,

M. B. DAVIS.

DEFENDANTS' EXHIBIT D-125

LES GLAIEULS

GOLFE-JUAN

Alpes-Maritimes

30th January, 1928

Exhibits.

D-125.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
30th Janu-
ary 1928.

10 The Right Hon. Lord Shaughnessy, K.C.,
Canada Cement Building,
Montreal.
(Canada)

My dear Will,

20 Mr. R. W. McGrath of London, (who is connected with Mr. Richard Guinness in the City), has been known to me for some time. Both he and his wife are staying at the Villa. In a conversation I told Mr. McGrath our views respecting the Davis Finance Corporation. He quite agrees with me that there is an opening for Canadian securities in England and the Finance Corporation we are about to form would be of benefit to his people and ourselves by having an English end work in conjunction with our proposed Corporation.

The Administrative part of the Corporation would be that Mr. McGrath would be the Head of the English Corporation and devote his time exclusively to their interests. Our man, who I suppose you have in view, would look after the Canadian interests. They would work together by acquainting themselves with conditions on both sides.

30 The Capital, of course, is an after-consideration, but Mr. McGrath is of opinion that Two hundred and fifty thousand pounds sterling would be sufficient to start with as he claims, and I quite agree with him, that too much Capital in a Finance Company of that kind is a detriment to start with, for the reason that you have to earn a reasonable interest on your Capital.

40 It would be a fifty-fifty proposition and both sides would contract to hold 100% for a considerable term of years and in the event of any of the original shareholders dying the existing shareholders would have the right to purchase their shares at a fair valuation in proportion to their holdings.

Please let me know BY CABLE what you think of this idea so that I can give the matter further consideration.

So far as the United States end is concerned, it would be well not to form any affiliation until we get well under way and think it advisable to do so.

Exhibits.

— 860 —

D-125.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
30th Janu-
ary 1928—
continued.

Mr. Guinness and Mr. McGrath run a big group of Trust Com-
panies in the City.

With my best wishes,

Yours sincerely,

M. B. DAVIS.

10

PLAINTIFFS' EXHIBIT P-272

TELEGRAM

Cannes, January 31, 1928

P-272.
Cablegram
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
31st Janu-
ary 1928.

Shaughnessy,
Montreal

20 Translation:—

Why are not certificates good for England? Have arranged
market part of debentures in London. Think that by listing in
London and selling at a premium will be good advertisement for
McNish whiskey for England.

DAVIS.

30

PLAINTIFFS' EXHIBIT P-273

CANADIAN PACIFIC RAILWAY COMPANY'S
TELEGRAPH

TELEGRAM

Cannes, Feb. 2, 1928

P.-273.
Cablegram
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
2nd Febru-
ary 1928.

40 Shaughnessy,
Montreal

Translation:—

Have decided not to list debentures English market until estab-
lished in Canada.

DAVIS.

DEFENDANTS' EXHIBIT D-126

LES GLAÏEULS

GOLFE-JUAN
Alpes-Maritimes

12th February, 1928

Exhibits.

D-126.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
12th Febru-
ary 1928.

10 The Right Hon. Lord Shaughnessy, K.C.,
Canada Cement Building,
Montreal,
(Canada)

I confirm my cablegram of today as per enclosed copy
PUBLICITY:—Kelly should try and get the big buyers to see the
magnitude of our plant; besides the consuming public do not realize
that we have the largest and best equipped plant in the World.

20 If you take Scotch Whisky Distillers, they practically have not
got anything as they are really only blenders, and when they adver-
tise themselves as Distillers it means they have a very small distillery
in some place in Scotland, which is only a small percentage of their
production; which means that their proposition is simply an adver-
tising, selling one, the same as McNish's.

I would start a campaign telling the public through the press
or by other methods who we are and what we are doing.

I notice the Dupont people advertising Canadian Industries,
30 which they control (MacMasters' Companies).

ORGANIZATION:—I am most anxious as I can see that our inter-
ests are being so diversified that we have not got, as yet, enough
people to look after same;

In other words, increased, efficient men. As I have often
stated, I would much sooner have two or three spare men with ability
than money in the Bank.

40 LEVINE:—What have you done about Levine? I hope you have
protected us in case of litigation.

SALES TAX:—If you think there is any danger of the Government
collecting same, you should create a Reserve Account for this con-
tingency.

COCHRAN:—Cochran should be along about the middle of May.

FINANCE CORPORATION:—I trust you are looking out for a
man for the Finance Corporation. I expect to have a proposition

Exhibits.

— 862 —

D-126.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
12th Febru-
ary 1928—
continued.

shortly from the financial group who will put up 50-50 Capital in this Company with us. Personally, I am not keen. Perhaps it would be as well to start off ourselves before taking anyone in with us. We can decide when I hear from this English Group.

With best wishes & kindest regards,

Yours sincerely,

10

M. B. DAVIS.

DEFENDANTS' EXHIBIT D-59

Les Glaeiuls

GOLFE-JUAN,
Alpes-Maritimes

20

14th February, 1928.

D-59.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
14th Febru-
ary 1928.

The Right Hon. Lord Shaughnessy, K.C.,
Canada Cement Building,
Montreal.

My dear Will,

I enclose copies of cablegrams exchanged. I have your letter of 2nd inst.

30 re House at Sainte Agathe:—We are delighted to have you use the house as we know that Marion will take care of it and, as a matter of fact, it is better that the house should be occupied. I think it will do you a lot of good to go up there for week-ends, and also for the family to spend some time there. There ought to be good milk, eggs and produce from the farm; see that your family get same, otherwise it will be only used up by the people on the place.

40 re Exploration Company (Mining Interests):—Your letter is quite clear re our Mining interests. In Newfoundland I believe there will be great mineral development. Lord Rothermere has just returned and, as you know, Guggenheim's have taken up a property and are developing it for him as a fifty-fifty proposition. When a body of mineral is found in a country it generally means there are other large mineral bodies somewhere about. My idea, with this new Exploration Company, is to have a young, energetic organisation right on the job, not sleepy heads, sitting in New York like Mr. Micawber "waiting for something to turn up." Within the last two or three years Poillon should have picked up some properties.

Exhibits.
—
D-59.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
14th Febru-
ary 1928—
continued.

As I have stated before, we will diplomatically eliminate him. If Cochran measures up the way I think he will, he is the type of man we want, but the Exploration Company must be well organised with young blood, checked up, from the commercial side, by us, and from the mining point, by outside engineers, if necessary.

10 I quite understand about Asbestos. That need not go into the Company, but all our other interests, except Mason Valley, I would put into the Company; in other words interests that are not producing, except our Coal interests.

Oil:—You cannot take up too much land. I notice that the Imperial Co. of Canada have got Crown Lands to the extent of 140,000 acres. I do not know the cost of carrying this Concession but I certainly would grab all I could, as I have a "hunch" that there will be big oil development in Canada. We have practically all minerals that the United States have, except Oil, and the reason why we have not got oil is that there has not been enough prospecting done as yet.

20 I hope that you are passing up and lightening your work to others and strengthening our interests by increasing the officials.

Wilmore is, I hope, getting two or three good men under him.

Kelly, who is a highly-strung, nervous, ambitious, energetic, typical Sales Manager, should have three or four men around him whom he could shoot to different parts of the world when so desired for Export and Import.

30 Distillers Co. (Seagrams'):—The Distillers Co. buying into Seagrams'; it looks to me that they had to do something to save their position, but if we can make a success with McNish's on Export, the D.C.L. will think twice before rubbing us the wrong way.

If McNish's cost us One hundred thousand pounds a year—and I do not think they will—it is a good insurance to protect our Home interests, because if they try any "monkey" business there, "at home", we can make it most interesting for other parts of the world as soon as we get a nucleus.

40 Co-ordination (McNish):—Inform London of the territory you are covering for McNish, so that, as they are now arranging to send two men around the world, by keeping each other posted in every detail there will be no overlapping.

Eleanor is much better. Her trip to St. Moritz did her a lot of good.

With our kindest regards and best wishes,

Yours truly,

M. B. DAVIS.

PLAINTIFFS' EXHIBIT P-274

CANADIAN PACIFIC RAILWAY COMPANY'S TELEGRAPH
TELEGRAM

Cannes 1 P.M. Feb. 21, 1928

Exhibits.
P-274.
Cablegram
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
21st Febru-
ary 1928.

10 Shaughnessy,
Montreal

Translation:—

Is extension to distillery finished? How is yield compared with last year also cost of grains. When will debentures be listed? Have brokers keep them between 100 and 105 also let Montreal brokers arrange quotations on London Exchange.

DAVIS.

9.36 AM.

20

PLAINTIFFS' EXHIBIT P-258

Montreal, February 24th, 1928.

P-258.
Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
24th Febru-
ary 1928.

Dear Sir Mortimer,

I acknowledge receipt yesterday of your letters of the 12th inst., which I have read with great interest.

30 DISTILLERS CORPORATION LIMITED. This Company has embarked on a policy of considerable expansion. They have purchased Seagrams under the following plan: they have incorporated a holding company capitalized at 2,000,000 shares, no par value, of which 1,500,000 shares will be issued. They give to the shareholders of Seagrams and of their Bronfman Co. an equivalent number of shares in the holding Co. to those which they hold in the present Companies and in addition have granted the rights to those shareholders to subscribe for additional shares in the holding Co. in proportion of 1 share for every 2 held at a price of \$10 a share. The balance will probably be marketed.

40

You will see from the above that they are capitalizing a small undertaking in a gigantic way, which evidently indicates expansion but the sale of stock at present will be difficult inasmuch as the public appears to have lost interest in Distillers shares, the thing having been so much overdone to such an extent that a recent issue of Dominion Distillers was a flop. If these people had bought Seagrams two years ago they could have had it for about \$2,500,000 whereas

to-day they are paying about \$7,000,000 since they are buying all the water which had been introduced since the original sale of the Company.

10 The situation is satisfactory to us more particularly because with these people paying such large prices for other Companies a price war would seem to be unlikely as they cannot possibly make profit on these large purchase prices if they reduce the price of whiskey. The arrangement does not appear to have met with much public support as Seagrams stock fell perceptibly immediately after the news was announced and has been going down ever since.

20 THE BUDGET. The Budget this year was a very perfunctory affair. After considerable consideration, the Minister of Finance finally decided that he would not interfere with excise taxes at all as he desired to reduce to some extent Sales Tax and Income Tax and he did not feel that he could make other reductions without seriously affecting the revenue. As far as we are concerned, I really do not think it makes much difference since we would only indirectly benefit from an increase in consumption and if he reduced only one or two dollars, there is no guarantee that the Commission would reduce their prices but more likely would leave their prices unchanged and pocket the additional profit, in which case, no one but them would derive any benefit and again, since he is unwilling to reduce excise without reducing customs and a reduction in the latter would be more detrimental than the advantage of a reduction in the former, I think it is just as well that he let matters rest. The cigarette people are very disappointed as they had every reason to believe that they would succeed in obtaining a reduction.

30 McNISH. This commodity has been going very well in Canada, in fact surprisingly well considering the length of time it has been on the market. We are also working up the nucleus of a nice export trade and I think in a few months you will obtain pleasing results. The management of McNish, however, leaves something to be desired and we have had some trouble with shipments being late and badly packed when received. Only the other day, they sent out to the Q.L.C. some bulk in old worn-out casks, which were utterly unfit for use and which resulted in a large loss or shortage from leakage and contamination of the contents. This was solely due to the fact that, in order to save money, they purchased old 40 second-hand casks and it was particularly unpleasant for us in view of the fact that, at the same time the Q.L.C. received shipments of other whiskies in good casks and good condition. I cabled McNish but so far have not received any explanation.

The English solicitors are driving me frantic with hair-splitting but I think now we have everything arranged for the listing of the debentures; these are being traded in privately at about 95 but I have no doubt will reach par when listed.

Exhibits.

P-258.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
24th Febru-
ary 1928—
continued.

Exhibits.

P-258.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
24th Febru-
ary 1928—
continued.

SIR MORTIMER DAVIS, INCORPORATED. COAL. We have gone exhaustively into the question of the development of coal at Lethbridge and, as far as we can make out, from a preliminary survey, assuming the coal is there, the market appears to be satisfactory and conditions favorable. Briefly, the situation is as follows: we can acquire the Rogers property for \$250,000 and put our property in at \$100,000 all of which will be paid in bonds. The equipping and developing will cost another \$400,000 making a total bond issue of \$750,000.

10 We estimate that on a production of 150,000 tons of coal we can make a profit of about \$260,000 which, less bond interest, would be a net profit of about \$200,000. The idea is that, should we decide to go ahead, we can take up the option on Rogers' property, which provides for his being paid in bonds, install the necessary machinery and commence operating and after we had shown results, would issue the necessary bonds to pay for the properties and equipment, Sir Mortimer Davis, Incorporated retaining all the stock. In order to definitely determine the above figures, however, it will be necessary for us to further investigate market conditions and also to drill the
20 property and this will cost about \$20,000.

The risk which we take is considerable since it will be necessary for our Company to finance the proposition until such time as results warrant the issue of bonds and this would probably involve about \$500,000 so the situation will have to be exhaustively investigated before we go ahead. There seems to have been considerable money made out of coal mines in the past in that District and, with the increase in population, the markets will naturally become broader and there might be a good profit realized in taking advantage of this
30 condition.

FINANCIAL COMPANY. I have been working on this matter but unfortunately have not been able to secure the type of man required. I spoke to Clarkes Bachelder, who at one time, managed the Guarantee Trust Co. here and who is a particularly able finance man. He was somewhat receptive and agreed to give the matter his consideration, but unfortunately shortly after our conversation he was appointed a Vice President of the Chase Securities of New York and consequently would not sever his connection with that organization. I located another man, C. S. Jennison, who had a
40 good reputation here among the financial houses and whom, I must say, impressed me very favourably as a very active, capable and intelligent man. At our interview he mentioned the fact that he had been connected with various financial houses in the United States and that he was at one time a Vice President of the firm of George Goethals & Co., of New York, probably the biggest investigating engineering Company in the World. As I had, in the past, known Col. Goethals (who unfortunately had since died) I wrote him a personal

letter, asking him confidentially to give me his opinion of Jennison. He wrote me in reply that he was unquestionably a very capable and industrious man but that during their association he did not entirely trust him. This was a keen disappointment to me inasmuch as I really believed that we had secured the right man for our purpose but, of course, under the circumstances, I could not go any further as I feel quite sure you agree with me that the first essential in a man to work for us must be scrupulous integrity which, to my mind, is far more important than abundant brains. I have got
10 another man in view who has been connected with the National City Co. and I expect to see him next week, when I will report the result.

I am sorry that I appear to have been slow on this matter, but to get a man of some experience, mature and capable, is not easy. I can get a great many young men just commencing but, of course, they would be no good to organize and administer a Company, it being necessary for a man to have had a considerable number of years' experience in order to understand the details of a Company we have in mind.

20 I read carefully your letter with regard to McGrath and I really feel that we should not form any association outside until we get our own organization well started. We can always make good connections afterwards, but it seems important to me that we should get a solid footing here before we commence operations abroad.

I enclose herewith a list of the officers of the Company for whom stock is being held. I did not take any steps as to stock to employees this year in view of the fact that we were increasing our capital by the sale of "B" stock and any action in this direction would have
30 entailed a further increase of capital. I am considering a scheme now, however, for substituting for the annual bonus either a gift or an advantageous subscription to the stock of the Company which can be better put into operation next year.

Business is going flourishingly and what is more pleasing we are working up a very substantial ocean trade together with a substantial increase in domestic business so that we are no longer dependent on border business for a livelihood.

40 I hope that you are well and that Eleanor has completely recovered from her recent indisposition.

With kindest regards to you both,

Yours very sincerely,

SHAUGHNESSY.

Exhibits.

P-258.

Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
24th Febru-
ary 1928—
continued.

LIST OF STOCK HELD FOR OFFICERS OF COMPANIES

CANADIAN INDUSTRIAL ALCOHOL CO. SHARES:

Exhibits.
P-258.
Letter
to Sir
Mortimer
Davis from
Lord
Shaugh-
nessy,
24th Febru-
ary 1928—
continued.

10

E. Lauster.....	10,000 shares
J. Stormont.....	5,000 “
F. Wilmore.....	5,000 “
A. Kelly.....	5,000 “
J. G. Lawrence.....	2,000 “
G. Kaestner.....	2,000 “
A. Curran.....	1,000 “

WISER'S DISTILLERY LTD. SHARES:

M. E. Davis.....	500 shares
E. Phillips.....	250 “
J. Barnes.....	250 “

NOTE—Col. F. M. Gaudet had 2,000 shares set aside but his term is now completed and he has taken up his stock.

20

It is also proposed to place some stock in trust for C. Gazen but this is not yet decided.

DEFENDANTS' EXHIBIT D-63

D-63.
Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
8th March
1928.

30

LES GLAÏEULS

GOLFE-JUAN
Alpes-Maritimes

8th March, 1928

The Right Hon. Lord Shaughnessy, K.C.,
Canada Cement Building,
Montreal.

40 My dear Will,

re Robert McNish & Co. Ltd.—I have received copy communication sent to you by Colonel George McNish and I trust that the Commission will be satisfied with the explanation.

We must bear in mind a little, “dinky” nucleus and did not pay anything for it and, as you know, it takes time to get an organisation together to handle an entirely different policy with “green” help.

What he suggests to you would help the Company very materially, by having Douglas or some other Department keep them informed as to all details necessary to give service and as to the general condition of the Scotch Whisky business from time to time.

As soon as they have time one of the McNish's will come out.

I consider Colonel McNish a very able, reliable, shrewd, honorable business man, and I feel that we are in good hands. The Stock he has bought remarkably well; as a matter of fact the market
10 price is higher than when he purchased it.

re Market Quotations:—Our Stock selling at 39 and the "B" selling at 37½ is not dear as I am more optimistic than ever and the only fly in the ointment is whether we can tide over the shortage of American Whisky. As I have often stated to you, the earning power in the future will be based entirely on the amount of Whisky on hand and you cannot make too much. As soon as you get your ten million gallons you should continue and, if necessary, work to fifteen or twenty millions

20 I met Wee MacLeod here the other day. He claims that Walkers and Gooderhams' have ten million gallons, of course, not matured; also he told me that Hatch himself has not sold any of his Stock but he himself cleared One hundred thousand pounds sterling. Of course I take this for what it is worth.

You should be able to find out the amount of Whisky each Company has from the Government Returns or someone in Ottawa could do this for you.

30 The financing we did puts us in an excellent financial position to manufacture quantity without leaning on the bank.

It will be but a short time when the "B" Stock will sell at the same price as the "A". The difference "Non-Voting power" does not affect the value as the Stockholders do not care about voting except when the Company shows decreased earnings, which, naturally reflects upon the Management, who, rightly or wrongly, have to bear the burden.

re Debentures:—Inasmuch as we are making excellent earnings, for the debentures of McNish we should get at least 105 or better.
40 This is a gilt-edged security.

re Mining Exploration Company:—When you form this Company I think it would be well for you to become its President. Make me a Director and also Reaper. I would be satisfied with a small Directorate until we see how Cochran and his staff work out. As mentioned in my former communication, make him Manager.

By putting our Mining interests together in this Company we

Exhibits.

D-63.

Letter
to Lord
Shaughnessy from
Sir Mortimer Davis,
8th March
1928—con-
tinued.

will concentrate on one department and I feel that it will have much better attention than in the past and if Cochran works out as I think he will, we should make the Company a huge success with luck and an active, progressive organisation.

Exhibits.

—
D-63.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
8th March
1928—con-
tinued.

I write you fully previously to instruct Cochran in his duties and what we expect of him.

With the Davis Corporation holding the whole of the stock, this makes it much easier to administer as a private Corporation.

10

I expect to leave here right after Easter, will go to Paris for a week and then to London, where I will take a house for three months and will be on the McNish job. This is not an easy proposition and requires a lot of patience but I feel that with fairly good, aggressive business methods we will win out in time.

With my kindest regards, trusting you are well.

Yours sincerely,

20

M. B. DAVIS.

PLAINTIFFS' EXHIBIT P-233

LES GLAÏEULS

GOLFE-JUAN

Alpes-Maritimes

10th March, 1928

P-233.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
10th March
1928.

30

The Right Hon. Lord Shaughnessy, K.C.,
Canada Cement Building,
Montreal

My dear Will,

I have your letter of 24th ulto. which is most interesting.

40 D. C. L. I note what you state; at the same time, the capitalisation is not too big, especially if they get behind and turn their different brands into the Canadian Corporation.

It is general talk over here that their best field for the future is Canada.

Fighting brands:—If you people want more Scotch brands, while specialising on McNish's Special, we should have a couple of fighting brands imported. Use your Embassy and Duncan's for fighting

Canadian Scotch or license it to McNish and turn it into an imported article. We can then label it

“A Product of Robert McNish & Co. Ltd.”
London and Glasgow
MADE IN SCOTLAND

10 You have a fairly good nucleus in these brands as you sold last year over 20,000 cases and I believe you could sell a lot for export when you get your connections.

Budget:—I quite agree with your views as to the Budget. It is much better not to disturb the Trade.

McNish:—I have written McNish a strong letter and sent them a copy of what you state in your communication.

20 Coal:—Rogers has peddled this proposition for a number of years; in fact it cost us 25,000 dollars some time ago for an Option; besides, our property cost, I believe, 100,000 dollars, and when we worked same, Poillon, who was very optimistic at the start, turned pessimistic, and we took his suggestion to lease same for 5,000 dollars a year. Conditions must have changed very materially or our sleepy-head, Poillon, made a mistake. To my mind I am very bullish of the situation and the property should certainly earn its bond interest and considerably more. I would therefore suggest a thorough investigation, double-checked, and the expenditure of 20/30,000 dollars by us, if necessary, to satisfy us as to the future, and to capitalise in the following way:—

30 Tie up Rogers on a twelve months' Option (not paying for same) paying him 250,000 dollars of 6% bonds at par.

We will take 150,000 dollars of 6% bonds at par, plus 560,000 shares—no par value.

After the Davis Mining Co. and Rogers are financially settled, we will then issue 600,000 dollars of 6% bonds at 90, plus a 20% bonus of Common shares, no par value (which the Davis Mining Company will release). This will leave us with 80% of the Common Stock.

40 The set-up of the Company will be as follows:—

1,000,000 dollars 6% bonds

1,000,000 Common shares, no par value.

To be issued :—

BONDS 400,000. dollars 250,000 dollars to Rogers

150,000 dollars to Davis Mining Co.

Exhibits.

P-233.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
10th March
1928—con-
tinued.

COMMON

SHARES 560,000 to Davis Mining Co. (which will leave 440,000 shares in the Treasury for the future).

Exhibits.

P-233.

Letter
to Lord
Shaugh-
nessy from
Sir Morti-
mer Davis,
10th March
1928—con-
tinued.

I do not propose to go into this enterprise and invest a lot of cash with the hope of getting it back, like the Asbestos deal. We have had this proposition a considerable time and it has actually cost us more than we are getting for the bonds.

10 By taking 80% of the Common Stock we are only being paid for the risk and work we have done in the proposition.

We must be absolutely sure that there is a future, otherwise we do not want to issue the bonds as we do not want a "come back" on any enterprise we are connected with.

We want to be satisfied that the cash realised from the Public is sufficient (viz 540,000 dollars at 90) as we do not in the future want to call for more money before it is on a paying basis.

20 Financial Company:—I note what you state regarding this, I quite understand it is difficult to get the man we require. At the same time there must be a lot of them. The only question is to find one.

Understudies:—Of young men you speak of not having had enough experience, men of that type would be good to put into your Office as understudies. What we really want there is a young man with a little financial experience and the other man with commercial experience.

30 You must have a couple of understudies, and you must also have more understudies for Kelly in the Industrial Company.

Employees' shares:—I note what you state. You have the "B" shares in the Treasury and I do not see any reason why we should not act at once in this matter. They should be given the shares for 10 dollars below the market price, carrying same for them.

Officials' stock:—I acknowledge receipt of list, which is quite satisfactory.

40 I am delighted to know that business is good and hope that it will continue.

With my best wishes,

Yours truly,

M. B. DAVIS.

PLAINTIFFS' EXHIBIT P-224

Exhibits.
 P-224.
 List of
 Letters and
 Cables
 exchanged
 between Sir
 Mortimer
 Davis and
 Lord
 Shaugh-
 nessy from
 January 1st,
 1926, to
 March 21st,
 1928; and
 Summary
 of same,
 1926 to
 1930.

10	SYNOPSIS OF ATTACHED LISTS OF CORRESPONDENCE EXCHANGED BETWEEN THE LATE SIR MORTIMER DAVIS AND LORD SHAUGHNESSY BETWEEN JANUARY 1, 1926, AND MARCH 21, 1928.		
	—1926—		
		Letters and Cables	Total
	(A) Sir Mortimer to Lord Shaughnessy	110	
	(B) Lord Shaughnessy to Sir Mortimer	137	
20	(C) Additional from Sir Mortimer's fyle	29	
		—	276
	—1927—		
	(D) Sir Mortimer to Lord Shaughnessy	196	
	(E) Lord Shaughnessy to Sir Mortimer	277	
	(F) Additional from Sir Mortimer's fyle	53	
		—	526
	—1928—		
	(G) Sir Mortimer to Lord Shaughnessy	64	
30	(H) Lord Shaughnessy to Sir Mortimer	53	
	(I) Additional from Sir Mortimer's fyle	35	
		—	152
	—Additional—		
	(J) From Mr. Holden's fyle	14	
	(K) From Mr. Reaper's fyle	12	
		—	26
	Grand Total		980

Exhibit Group No. 35: Annual Statements of the Incorporated Company, prior to death of Sir Mortimer Davis, and sundry compilations with respect thereto

Exhibits.

P-89.
Annual Report and Statement of Incorporated Company, 30th September 1920.

PLAINTIFFS' EXHIBIT P-89

PRICE, WATERHOUSE & CO.

145 St. James Street
(Dominion Express Building)

10

Montreal, December 2, 1920.

Sir Mortimer Davis, President,
Sir Mortimer Davis, Inc.,
Montreal.

Dear Sir:—

20 We have completed our audit of the Books and Accounts of Sir Mortimer Davis Incorporated for the year ending September 30, 1920, and have prepared and attach hereto the following Financial Statements:

Exhibit A Balance Sheet, September 30, 1920.

“ B Statement of Profit and Loss for the year ending September 30, 1920.

“ C List of Investments in Stocks and Bonds, and Income therefrom during the year.

“ D List of Properties.

30 “ E Particulars of Insurance Policies on life of Sir Mortimer Davis, and surrender values thereof.

“ F List of Loans made by the Company, and Income therefrom during the year.

“ G Statement of Directors Fees received during the year by Mr. J. B. Waddell in his capacity as nominee of the Company.

In connection with these Accounts we would desire to make the following remarks:—

40 The Company was incorporated under the laws of the Province of Quebec on July 9, 1919, with an authorised Capital Stock of \$10,000,000.00, of which \$5,000,000.00 has been issued. On September 26, 1920, the Shareholders also authorised the creation of \$5,000,000.00 of Twenty Year Six Percent Serial Notes, the Interest to be payable half-yearly on March 31st and September 30th. The By-law authorising the Issue also provided for the redemption of at least \$100,000.00 on October 1st of each year commencing with 1920.

Exhibits.
 —
 P-89.
 Annual
 Report and
 Statement
 of Incorporated
 Company,
 30th September 1920
 —continued.

No Interest has been paid to the Noteholders, but the liability therefor to September 30, 1920, has been accrued on the Books of the Company as at that date. We understand that no drawing has been made with a view to retiring the Notes redeemable on October 1, 1920.

The Assets acquired and the Liabilities assumed by the Company as at September 30, 1920, were taken up on the Books of the Company as follows:—

10	ASSETS ACQUIRED:		
	Investments in Stocks and Bonds at the values arbitrarily placed thereon at September 30, 1919.....	\$11,473,290.00	
	Life Insurance Policies (nominal value of \$1.00 each).....		2.00
	Properties.....		56,794.60
	S. Davis & Sons, Loan.....		222,984.09
			<hr/>
			\$11,753,070.69
	LESS: Reserve Account:		
	Amount representing S. Davis & Sons Loan acquired, and which was subsequently liquidated.....	\$ 222,984.09	
20	Amount representing Book Value of Net Assets acquired in excess of Capital Stock and Notes issued.....		907.64
			<hr/>
			223,891.73
			<hr/>
			\$11,529,178.96
	LIABILITIES ASSUMED:		
	Loan from Union Bank of Canada.....		1,529,178.96
			<hr/>
	Leaving Assets in excess of liabilities of.....		\$10,000,000.00
	which is represented by:		
30	Capital issued.....	\$5,000,000.00	
	Twenty Year Six Percent Serial Notes.....	5,000,000.00	
			<hr/>
			\$10,000,000.00
			<hr/>

During the year ending September 30, 1920, various adjustments were made on the values at which the Investments in Stocks of other Companies were carried on the books of the Company at September 30, 1919, and corresponding adjustments were made on the Reserve Account. These may be summarised as follows:—

40	Increase in Book Value of Investment in the Corby Distillery Company Limited.....	\$866,184.76	
	LESS:		
	Reduction in Book Value of the Dominion Reduction Company Limited from \$2.00 to \$1.00 per share....	\$635,302.00	
	Transfer of 775 Shares of \$100.00 each of Canadian Industrial Alcohol held in trust for certain employees of that Company by the Montreal Trust Company in accordance with agreement with Sir Mortimer Davis dated September 30, 1919.....		77,500.00
			<hr/>
			712,802.00

leaving a net addition to the Book Value of Assets acquired at September 30, 1919, and to Reserve Account of..... \$153,382.76

Adding thereto the balance at the credit of Reserve Account as at September 30, 1919, before mentioned, of 223,891.73

has the result of leaving the Reserve Account at September, 30 1920, at. \$377,274.49

10

Securities representing the Company's Investments in Stocks and Bonds at September 30, 1920, as enumerated on Exhibit C, have been produced for our inspection or verified by certificates from depositories.

We noted that the following certificates had not been endorsed in the Company's favor:

Investment	Number of Shares	Certificate issued to
20 S. Davis & Sons Limited.....	One	Sir Mortimer Davis
H. Fortier & Company Limited, Common.....	“	do
do Preferred.....	“	do
Croesus Gold Mines Limited.....	“	do
Canadian Industrial Alcohol Company Ltd.....	“	do
Imperial Tobacco Company of Canada Ltd.....	“	do
Canadian Consolidated Asbestos Limited.....	“	do
do.....	“	H. A. Allan

30 The Capital Stock of the Jacobs Asbestos Mining Corporation Limited was exchanged during the year for Stock in the Consolidated Asbestos Limited on a basis of 3-2/3 shares of the latter Company for each share of the former. Law costs, etc., incurred in connection with this transaction, amounting to \$25,923.06, have been added to the Book Value of the Consolidated Asbestos Limited Stock. All other additions to the Investments owned by the Company represent the actual purchase price of the new stocks.

The Investment in the H. Corby Distillery Company was carried at September 30, 1920, at a value of \$450,824.76, which is made up as follows:—

40 5,172 Shares of \$100.00 each, valued at date of transfer from Sir Mortimer Davis at.....	\$1,653,440.00
Increase in Book Value credited to Reserve Account.....	866,184.76
	<u>\$2,519,624.76</u>
LESS: Distribution on account of Capital of \$400.00 per share.....	2,068,800.00
	<u>\$ 450,824.76</u>

Exhibits.
P-89.
Annual
Report and
Statement
of Incorporated
Company,
30th September 1920
—continued.

Exhibits.
—
P-89.
Annual
Report and
Statement
of Incorporated
Company,
30th September 1920
—continued.

We understand that a further distribution is expected, and that the difference between the amount thereof and the Book Value of the Investment as above will ultimately be treated as a deduction from the Reserve Account.

10 During the year ending September 30, 1920, the Union Bank of Canada sold in England on account of your Company 10,500 Shares of the Imperial Tobacco Company of Canada Limited. We understand that it was intended that the proceeds therefrom should be applied in the reduction of the Bank Loans, but owing to the low rate of exchange prevailing, the amount of £14,567.12.0 realised from this sale, together with £578.6.1 representing Interest accrued thereon, has not been transferred from England. The Montreal Branch of the Union Bank of Canada have furnished us with a certificate that this amount is carried by the London (England) Branch of the Bank at the credit of "K. F. Gilmour, Manager, in Trust". For the purpose of the Accounts now submitted, we have reduced the Book Value of your Company's Investment in the Imperial Tobacco Company of Canada Limited by the par value of the purchase price, and included 20 the amount of £15,145.18.1 deposited with the Bank, calculated at par of 4.86-2/3, as an Asset at September 30, 1920.

The Properties carried on the Company's Books at September 30, 1920, at a value of \$198,052.00 are shown in detail on Exhibit D attached hereto.

30 Particulars of the Insurance Policies on the life of Sir Mortimer Davis are shown on attached Exhibit E. It will be noted therefrom that their Book Value of \$234,170.91 includes interest on the premiums originally paid by S. Davis & Sons Limited, and that the surrender value in accordance with the terms of the policies amounts to \$144,661.20.

Loans made by the Company and Interest accrued thereon to September 30, 1920, together with particulars of the Securities held by the Company as collateral thereto, are detailed on Exhibit F.

40 The Advances to the Bluestone Mining and Smelting Company have been made on behalf of the Dominion Reduction Company, whose notes in respect thereof were produced for our inspection. It would therefore seem that the indebtedness should be carried on the Books of your Company in the name of the Dominion Reduction Company instead of the Bluestone Mining and Smelting Company as at present.

In connection with these advances, we noted from correspondence on file that the notes of the Dominion Reduction Company had been endorsed by D. M. Steindler on the understanding that they would also be endorsed by Sir Mortimer Davis. The following notes examined by us have not been so endorsed:—

June	25, 1920	.....	\$70,000.00
July	22, "	.....	60,000.00
August	13, "	.....	15,000.00
September	27, "	.....	3,000.00

10 The majority of the Dominion Reduction Company's outstanding Notes at September 30, 1920, called for interest at 6% per annum, but at the request of the Vice-President, interest has been accrued to September 30, 1920, on all Notes at the rate of 7% per annum, in view of an arrangement made with the President of the Dominion Reduction Company that this increased rate would be paid. It would seem desirable, however, that letters to that effect should be obtained from all the parties to the Notes. The collateral Security given by D. M. Steindler in connection with these advances was examined by us.

20 We understand that there is a probability of the Company foregoing the debt of \$365,000.00 receivable from S. Davis & Sons Limited, on the transfer of that business to the General Cigars Limited. This amount would appear to have been advanced in cash during January, 1920, and interest thereon to May 31, 1920 was duly paid.

The various Bank balances and securities deposited as collateral have been verified by certificates received direct from the Union Bank of Canada, and, so far as we have been able to ascertain, all liabilities of the Company at September 30, 1920, have been taken up in the accounts now submitted.

We shall be glad to furnish you with any further information on the Accounts that you may desire.

Yours very truly,

PRICE, WATERHOUSE & CO.

Exhibits.

—
P-89.

Annual
Report and
Statement
of Incorporated
Company,
30th September 1920
—continued.

30

40

PLAINTIFFS' EXHIBIT P-89—B

SIR MORTIMER DAVIS, INCORPORATED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDING
SEPTEMBER 30, 1920

	Income from Investments in Stocks and Bonds (Exhibit C).....		\$290,458.25
10	Interest received and accrued:		
	On Loans (Exhibit F).....	\$ 34,254.99	
	On Funds held in trust in England by Union Bank of Canada, £578.6.1 at 4.86 $\frac{2}{3}$	2,814.42	
	On dividends not paid on due date.....	466.02	
			37,535.43
	Directors' Fees (Exhibit G)		2,658.28
			<u>\$330,651.96</u>
	DEDUCT: Losses on Sales of Investments.....	\$ 6,132.32	
	Taxes on Properties in excess of Rentals.....	732.34	
20			<u>6,864.66</u>
			<u>\$323,787.30</u>
	DEDUCT: General and Administrative Expense:		
	Salaries and Bonuses.....	\$ 24,521.62	
	Special Bonus (A. E. Harris).....	2,650.00	
	Office Rent and Taxes.....	1,638.62	
	Province of Quebec Companies Tax.....	5,000.00	
	Travelling Expenses.....	160.00	
	General Office Expense.....	607.56	
	Legal Expenses.....	174.00	
	Audit Fees.....	454.40	
	Investigation Expenses re Hoe Press.....	2,323.10	
	Organization Expenses.....	8,358.28	
			45,887.58
			<u>\$277,899.72</u>
	DEDUCT: Interest paid and accrued:		
	On Bank Loans.....	\$117,960.07	
	On Other Loans, etc.....	456.43	
	On 6% Serial Notes.....	300,000.00	
40			<u>418,416.50</u>
	Loss for the Year.....		<u><u>\$140,516.78</u></u>

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PLAINTIFFS' EXHIBIT P-89—C
SIR MORTIMER DAVIS, INCORPORATED

INVESTMENTS IN STOCKS AND BONDS

NAME OF COMPANY	Taken over at date of Incorporation of Company		Adjustments on Values taken up through Reserve Acc. Additions Deduction	Additions during year		Sales during year		Balance at September 30, 1920		Income for year ending September 30, 1920	
	Number of Shares	Par Value		Book Value	Number of Shares	Cost	Number of Shares	Sale Price	Number of Shares		Par Value
Stocks:											
National Steel Car Co.	50	5,000							50	5,000.00	
National Steel Car Co.	287	28,700						287	28,700	1.00	
S. Davis & Sons Ltd.	9,395	939,500		Transfer Fees	187.88			9,395	939,500	1,136,982.88	
H. Fortier & Co. Ltd.	200	20,000						200	20,000	20,000.00	1,965.90
Croesus Gold Mines Limited	9,000	9,000						9,000	9,000	9,000.00	
H. Fortier & Co. Ltd.	750	75,000						750	75,000	75,000.00	
Canadian Industrial Alcohol Co. Ltd.	41,000	4,100,000	77,500.00			100	4,800.00	40,125	4,012,500	4,012,500.00	39,420.60
Dominion Reduction Co. Ltd.	635,302	635,302	635,302.00			Lost on Sale		635,302	635,302	635,302.00	25,412.08
Imperial Tobacco Co. of Canada Ltd.	330,300	1,651,500				10,500	70,893.63	320,000	1,600,000	2,077,231.05	111,994.77
Jacobs Asbestos Mining Co. Ltd.	4,980	498,000		Law Costs etc.	25,923.06			35,811	3,581,100	1,717,298.12	9,950.00
Exchanged for:—											
Consolidated Asbestos Limited						1,374	65,992.00				
Corby Distillery Company Ltd.						Distribution of Capital and Surplus	2,068,800.00	5,172		450,824.76	
Union Bank of Canada	5,172	516,700	866,184.76								
Trans-Canada Theatres Limited								503	50,300	77,459.59	1,257.00
Trans-Canada Theatres Limited								4,000	100,000	90,000.00	4,237.40
								2,400	60,000	60,000.00	
Bonds:											
Jacobs Asbestos Mining Company Limited		\$11,412,790	153,382.76		956,114.29		2,215,687.65			10,306,599.40	285,508.25
		55,000	60,500						55,000	60,500.00	4,950.00
Grand Total		\$11,475,290	153,382.76		956,114.29		2,215,687.65			10,367,099.40	290,458.25

Securities as above Deposited with Union Bank of Canada as Collateral to Loans:—

General Loan for	\$1,000,000.00	315,000 Shares Imperial Tobacco Company of Canada Limited.
Special Loan for	616,820.78	635,300 Shares Dominion Reduction Company Limited.
		\$55,000 Bonds Jacobs Asbestos Mining Company Limited.
		35,796 Shares Consolidated Asbestos Limited.

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PLAINTIFFS' EXHIBIT P-89—D
SIR MORTIMER DAVIS, INCORPORATED
PROPERTIES—SEPTEMBER 30, 1920

Exhibits. — P-89. Annual Report and Statement of Incor- porated Company, 30th Sept- ember 1920 — <i>continued.</i>	20	Name of Property	Book Value at date of Incor- poration of the Company	Expended during Year	Book Value Sept. 30, 1920
		Murray Property Syndicate	\$21,000.00		\$ 21,000.00
		Notre Dame de Grace Property	20,793.60		20,793.60
		North Shore Property	15,000.00		15,000.00
		St. James Street Property		115,000.00	115,000.00
		Newfoundland Oil Lands	1.00	1,257.40	1,258.40
	30	Alberta Coal Properties:			
		Amount paid on Option expiring August 20, 1922		25,000.00	25,000.00
			\$56,794.60	\$141,257.40	\$198,052.00
			\$56,794.60	\$141,257.40	\$198,052.00

40

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PLAINTIFFS' EXHIBIT P-89—E
 SIR MORTIMER DAVIS, INCORPORATED

PARTICULARS OF INSURANCE POLICIES

Policy Number	INSURANCE COMPANY	Amount of Insurance	Yearly Premium	Premiums Payable	Date of Insurance	Maturity Date	Number of Annual Premiums paid	Surrender Value
313421	(Germania) New Guardian Insurance Company of New York	\$ 50,000.00	\$ 5,483.00	June	June	June	4	\$ 16,970.00
412429	Travellers Insurance Company, Hartford	75,000.00	2,886.75	June	June	Death	4	8,550.00
2252362	Equitable Life Assurance Society of the United States	45,000.00	3,022.20	June	June	Death	4	4,455.00
6151437	New York Life Insurance Company	100,000.00	11,634.00	May	May	29, 1927	4	33,700.00
2462782	Prudential Insurance Company of America	100,000.00	9,739.00	June	June	8, 1927	4	32,000.00
183763	Manhattan Life Insurance Company of New York	5,000.00	210.40	June	June	Death	4	435.00
2430461	Mutual Life Insurance Company of New York	10,000.00	787.20	July	July	23, 1932	4	2,006.00
275886	Fidelity Mutual Life Insurance Company, Philadelphia	55,000.00	6,175.40	August	August	5, 1927	4	17,710.00
804942	Pennsylvania Mutual Life Insurance Company of Philadelphia	50,000.00	5,575.00	June	June	5, 1927	4	17,465.00
129,615	Security Mutual Life Insurance Company	10,000.00	1,096.60	June	June	14, 1927	4	3,400.00
92,386	North American Life Assurance Company	15,000.00	1,670.25	June	June	20, 1927	4	3,840.00
486064	Aetna Life Insurance Company of Hartford	50,000.00	2,462.50	June	June	Death	4	4,100.00
		\$565,000.00	\$50,742.30					\$144,661.20

Carried on the Books of the Company at September 30, 1920 at a value of
 (Which includes Interest on Premiums paid by S. Davis & Sons and Exchange on United States Funds.)

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PLAINTIFFS' EXHIBIT P-89—G

SIR MORTIMER DAVIS, INCORPORATED

DIRECTORS' FEES—SEPTEMBER 30, 1920

	Canadian Consolidated Rubber Co. Limited.....	\$1,099.96
	Canadian Industrial Alcohol Co. Limited.....	500.00
	Consolidated Asbestos Limited.....	458.32
	S. Davis & Sons.....	100.00
10	Dominion Reduction Company Limited.....	500.00
		<u>\$2,658.28</u>

PLAINTIFFS' EXHIBIT P-90

PRICE, WATERHOUSE & CO.

20

145 St. James Street
(Dominion Express Building)

Montreal, November 12, 1921.

The President and Directors,
Sir Mortimer Davis, Incorporated,
Montreal, P.Q.

Dear Sirs:—

30 In accordance with instructions we have examined the Books and
Accounts of Sir Mortimer Davis, Incorporated for the year ending
September 30, 1921, and have prepared and attach hereto the follow-
ing Financial Statements:

- Exhibit A Balance Sheet, September 30, 1921.
- “ B Statement of Profit & Loss for the year ending Sep-
tember 30, 1921.
- “ C List of Investments in Stocks and Bonds and Income
therefrom during year.
- 40 “ D List of Properties.
- “ E Particulars of Insurance Policies on life of Sir
Mortimer B. Davis and surrender values thereof.
- “ F List of Loans made by the Company and Income
therefrom during the year.
- “ G Statement of Directors' Fees received during the year
by Mr. J. B. Waddell in his capacity as a nominee
of the Company.

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In connection with these accounts we would desire to make the following remarks:—

The Capital Stock of S. Davis & Sons Limited owned by the Company and carried on its Books at September 30, 1920, at a value of \$1,136,982.88 was exchanged during the year under review for Capital Stock of the General Cigar Company Limited, which was taken up on the Books as follows:—

	2,790 Shares of Preferred Stock.....	\$ 279,000.00
10	13,950 Shares of Common.....	857,982.88
		<u>\$1,136,982.88</u>

and the loan of \$365,000.00 to S. Davis & Son Limited was liquidated by the transfer to Sir Mortimer Davis Incorporated of Capital Stocks of other Companies.

	It will be seen from Exhibit C attached that, including the Capital Stock of the General Cigar Company Limited, the Company during the past year acquired Stocks and Bonds of a book	
20	value of.....	\$2,165,341.95
	Stocks were sold or exchanged during the year having	
	book values of.....	2,463,555.76
	resulting in a reduction of the book value of the	
	Company's Investments of.....	<u>\$ 298,213.81</u>

The sale or exchange of the Investments previously valued at \$2,463,555.76 resulted in a loss to the Company of \$595,099.17 made up as follows:—

	General Cigar Co. Ltd.:	
30	Acquired in exchange for the Capital Stock of S. Davis & Son:	
	1938 Preferred Shares carried on Company Books at	\$193,800.00
	7,528 Common Shares do	463,002.88
		<u>\$656,802.88</u>
	Sold for cash consideration of.....	193,800.00
		<u>\$463,002.88</u>
	Capital Stocks in Scales & Roberts Ltd. and H. Fortier & Co. Ltd.:	
40	Acquired in liquidation of Laon to S. Davis & Son Ltd. for.....	\$365,000.00
	Sold for following consideration:	
	60,080 Shares of \$5.00 each of Capital Stock of Imperial Tobacco Company of Canada Ltd.....	\$300,400.00
	Cash.....	3.71
		<u>300,403.71</u>
	Loss on Sale.....	64,596.29

H. Fortier & Co., Ltd.:

Taken over by Sir Mortimer Davis, Incorporated, at date of incorporation at following values:

200 Preferred Shares	\$ 20,000.00
750 Common.....	75,000.00
	<u>\$ 95,000.00</u>
Exchanged for 5,500 shares of 95.00 each of Capital Stock of Imperial Tobacco Company of Canada Limited.....	27,500.00

10	Loss on Sale	67,500.00
	Total loss.....	<u>\$595,099.17</u>

Securities representing the Company's Investments in Stocks and Bonds at September 30, 1921, as enumerated on Exhibit C have been produced for our inspection or verified by Certificates from depositories.

We noted that the following Certificates had not been endorsed in the Company's favor:—

20	Investment	No. of Shares	Certificate issued to
	Croesus Gold Mines Limited.....	1	Sir Mortimer B. Davis
	Federal Coals Limited.....	1	H. M. Marler

Particulars of the Insurance Policies on the life of Sir Mortimer Davis are shown on attached Exhibit E, and it will be seen therefrom that the policies are carried on the Books of the Company at a value of \$282,343.84 which includes interest on the premiums originally paid by S. Davis & Son Limited, and exchange on United States Funds. The surrender value of the policies in accordance with the terms of the policies would appear to be \$188,025.30.

30 Loans made by the Company and Interest accrued thereon to September 30, 1921, together with particulars of the Securities held by the Company as collateral thereto are detailed on Exhibit F, and the various balances have been confirmed by the borrowers.

The Bank balances at September 30, 1921, and securities deposited as collateral to Advances have been verified by certificates received direct from the Company's Bankers, and so far as we have been able to ascertain, all liabilities of the Company at September 30, 1921, have been taken up in the accounts now submitted.

40 The liabilities include an amount of \$600,000.00 representing two years' interest on the six per cent Serial Notes issued by the Company.

* * *

We shall be glad to furnish you with any further information that you may desire.

Yours very truly,

PRICE, WATERHOUSE & Co.

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PLAINTIFFS' EXHIBIT P-90—A
SIR MORTIMER DAVIS, INCORPORATED

BALANCE SHEET, SEPTEMBER 30, 1921

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ASSETS	LIABILITIES
<p>INVESTMENTS IN STOCKS AND BONDS (Exhibit C) \$10,068,885.59</p> <p>PROPERTIES (Exhibit D) 206,714.46</p> <p>LIFE INSURANCE POLICIES (Exhibit E) 282,343.84</p> <p>LOANS AND INTEREST ACCRUED THEREON (Exhibit F) 1,130,166.96</p> <p>171,707.49</p> <p>SIR MORTIMER B. DAVIS ADVANCE ACCOUNT.</p> <p>DIVIDENDS DECLARED AND BOND INTEREST ACCRUED 1,660.01</p> <p>2,604.46</p> <p>SUNDRY ACCOUNTS RECEIVABLE 1,218.93</p> <p>OFFICE FURNITURE 13,411.85</p> <hr/> <p>CASH HELD IN TRUST IN ENGLAND BY UNION BANK OF CANADA:</p> <p>Proceeds from Sale of 10 500 Shares of Imperial Tobacco Co. of Canada Ltd. £14,567,12.0 at \$4.86 2/3. \$ 70,895.65</p> <p>Interest accrued thereon to July 31, 1921, £1,135,13.1 at \$4.86 2/3. 5,624.18</p> <hr/> <p>TAXES PREPAID 76,519.83</p> <p>3,772.50</p> <hr/> <p>INVESTMENTS HELD IN TRUST BY MONTREAL TRUST COMPANY, as per contra 72,900.00</p> <hr/> <p>DEFICIT ACCOUNT:</p> <p>Balance, September 30, 1920. \$ 140,516.78</p> <p>Add: Loss for the year ending September 30, 1921, as per Statement attached (Exhibit B) 681,435.08</p> <hr/> <p style="text-align: right;">\$12,853,857.78</p>	<p>CAPITAL STOCK:</p> <p>Authorised—100,000 Shares of \$100.00 each \$10,000,000.00</p> <p>Issued—50,000 Shares of \$100.00 each. \$ 5,000,000.00</p> <p>TWENTY YEAR SIX PER CENT SERIAL NOTES. 5,000,000.00</p> <hr/> <p>MORTGAGE:</p> <p>On Federal Coals Property \$10,000,000.00</p> <p>UNION BANK OF CANADA:</p> <p>Loans on General Account (Secured by Deposit of Collateral) 10,000.00</p> <p>1,000,000.00</p> <p>Loans on Special Account (Secured by Deposit of Collateral) 756,104.67</p> <hr/> <p>ACCOUNTS PAYABLE:</p> <p>Interest accrued on 6% Serial Notes for two years 600,000.00</p> <p>Bank Interest, Rent, Taxes and Salaries accrued 32,641.27</p> <p>Sundry Accounts Payable 337.35</p> <hr/> <p>MONTREAL TRUST COMPANY:</p> <p>Investments deposited in Trust, as per contra 632,978.62</p> <hr/> <p>RESERVE ACCOUNT. 72,900.00</p> <p>381,874.49</p> <hr/> <p style="text-align: right;">\$12,853,857.78</p>
<p>CONTINGENT LIABILITY:</p> <p>Guarantees to Union Bank of Canada for Advances to General Cigar Co. Limited \$350,000.00</p> <p>H. Fortier Co. Limited 50,000.00</p> <hr/> <p style="text-align: right;">\$400,000.00</p>	<p>Guarantee of Book Debts of S. Davis & Sons Limited outstanding May 31, 1920, which may still be unpaid.</p>

PLAINTIFFS' EXHIBIT P-90—B

SIR MORTIMER DAVIS, INCORPORATED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING
SEPTEMBER 30, 1921

	Income from Investments in Stocks and Bonds.....	\$336,475.57	
	Interest Received and Accrued:		
10	On Loans.....	\$ 65,499.40	
	On Funds held in trust in England by Union Bank of Canada £577.7.0 at 4.86 2/3.....	2,809.76	
	On Dividends not paid on due date.....	176.52	
		<hr/>	68,485.68
	Income from Insurance Agency.....	\$ 3,498.00	
	Less: Amount thereof paid to Mrs. N. D. Cowan.....	2,400.00	
		<hr/>	1,098.00
	Directors' Fees.....		6,258.22
			<hr/>
			\$412,317.47
20	DEDUCT:		
	Taxes and Expenses on Properties in excess of Rentals.....	12,115.81	
		<hr/>	\$400,201.66
	DEDUCT:		
	General and Administration Expense:		
	Salaries and Bonuses.....	\$ 24,592.97	
	Directors' Fees.....	3,000.00	
	Donations.....	48,343.33	
30	Office Rent and Taxes.....	2,137.15	
	Province of Quebec Companies Tax.....	5,000.00	
	General Office Expense.....	1,173.46	
	Travelling Expenses.....	142.00	
	Legal Expenses.....	712.40	
	Investigation Expenses re North Cobalt Properties..	977.38	
		<hr/>	86,078.69
			\$314,122.97
Exhibits.	DEDUCT:		
	Interest Paid and Accrued:		
	On Bank Loans.....	\$ 98,689.23	
	On Other Loans.....	1,769.65	
40	On 6% Serial Notes.....	300,000.00	
		<hr/>	400,458.88
	Loss for the year before charging Loss on Sale of Investments.....	\$ 68,335.91	
	ADD: Loss on Sale of Investments.....	595,099.17	
		<hr/>	\$681,435.08
	Loss for the year.....		<hr/> <hr/>

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PLAINTIFFS' EXHIBIT P-90—C
SIR MORTIMER DAVIS, INCORPORATED

INVESTMENTS IN STOCKS AND BONDS

NAME OF COMPANY	Balance at September 30, 1920		Additions during year		Sales during year		Balance at September 30, 1921		Income for year ending Sept. 30, 1921
	No. of Shares	Par Value	No. of Shares	Cost	No. of Shares	Sale Price	No. of Shares	Par Value	
Canadian Industrial Alcohol Co. Limited.....	40,125	4,012,500	46	4,600.00			40,171	4,017,100	4,017,100.00
Con. Asbestos Ltd.....	35,811	3,581,100	Trans'd from Trust Acc.			11,250.00	35,581	3,558,100	1,706,048.12
Corby Distillery Co. Limited.....	5,172	450,824.76					5,172	289,804.76	289,804.76
Croesus Gold Mines Ltd.....	9,000	9,000.00					9,000	9,000.00	9,000.00
Davis & Sons Ltd., S.....	9,395	1,136,982.88							
Dominion Reduction Co. Ltd.....	635,302	635,302.00					635,302	635,302.00	635,302.00
Fortier & Co. Ltd., H.....	200	20,000.00							
Fortier & Co. Ltd., H.....	750	75,000.00							
Imperial Tobacco Co. of Canada Ltd.....	320,000	1,600,000	65,580	327,900.00			385,580	1,927,900	2,405,131.05
National Steel Car Co., now Hamilton Car Co. Ltd.....	50	5,000.00					50	5,000.00	5,000.00
National Steel Car Co., now Hamilton Car Co. Ltd.....	57 1/2	28,700					57 1/2	5,740	1.00
Trans-Canada Theatres, Ltd.....	4,000	100,000					4,000	100,000	90,000.00
Trans-Canada Theatres Ltd. "Bonus"	2,400	60,000					2,400	60,000	50,300
Union Bank of Canada.....	503	50,300					503	50,300	77,459.59
Crown Trust Company.....			50	5,000.00					5,000.00
Federal Coals Ltd.....			2,000	36,400.00					36,400.00
General Cigars Co. Ltd.....			2,790	279,000.00					279,000.00
General Cigars Co. Ltd.....			13,950	857,982.88					857,982.88
Seales & Roberts Co.....			175	17,500.00					17,500.00
Seales & Roberts Co.....			210						
Seales & Roberts Co.....			2,100	365,000.00					365,000.00
Fortier & Co. Ltd., H.....			2,250						2,250
		10,306,598.40		1,893,382.88		1,868,456.59		9,736,426.52	333,175.57
Jacobs Asbestos Mining Company Limited.....		55,000						55,000	60,500.00
Imperial Tobacco Company of Canada Limited.....		60,500.00	3,138	271,959.07				315,800	271,959.07
		10,367,099.40		2,165,341.95		1,868,456.59		10,068,885.59	336,475.57

Securities included above Deposited with the Union Bank of Canada as Collateral to Loans:—

General Loan for	\$1,000,000.00	315,000	Shares Imperial Tobacco Company of Canada Limited.
Special Loan for	462,013.42	635,300	Shares Dominion Reduction Company Limited.
Special Loan for	294,091.25	\$55,000	Bonds Jacobs Asbestos Mining Company Limited.
		35,566	Shares Consolidated Asbestos Limited.
		\$315,900	Bonds Imperial Tobacco Company of Canada Limited.

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PLAINTIFFS' EXHIBIT P-90—D
SIR MORTIMER DAVIS, INCORPORATED
PROPERTIES, SEPTEMBER 30, 1921

Exhibits.	20				
			Book	Expended	Book
			Value	during	Value
		Name of Property	Sept. 30,	year	Sept. 30,
			1920		1921
P-90. Annual Report and Statement of Incorporated Company, 30th September 1921 —continued.		Murray Property Syndicate	\$ 21,000.00		\$ 21,000.00
		Notre Dame de Grace Property	20,793.60		20,793.60
		North Shore Property	15,000.00		15,000.00
		St. James Street Property	115,000.00	744.96	115,744.96
		Newfoundland Oil Lands	1,258.40	7,917.50	9,175.90
		Alberta Coal Properties:			
		Amount paid on option expiring August			
	30	20, 1922	25,000.00		25,000.00
			<u>\$198,052.00</u>	<u>\$8,662.46</u>	<u>\$206,714.46</u>

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PLAINTIFFS' EXHIBIT P-90—E
 SIR MORTIMER DAVIS, INCORPORATED
 PARTICULARS OF INSURANCE POLICIES

Policy Number	INSURANCE COMPANY	Amount of Insurance	Yearly Premiums	Premiums Payable	Date of Insurance	Maturity Date	Number of Annual Premiums Paid	Surrender Value
313421	(Germania) New Guardian Insurance Company of New York	\$ 50,000.00	\$ 5,483.00	June 6	June 6, 1917	June 6, 1927	5	\$ 21,870.50
412429	Travellers Insurance Company, Hartford	75,000.00	2,886.75	June 4	June 6, 1917	Death	5	11,475.00
2252362	Equitable Life Assurance Society of the United States	45,000.00	3,022.20	June 6	June 6, 1917	Death	5	5,850.00
6151437	New York Life Insurance Company	100,000.00	11,634.00	May 29	May 29, 1917	May 29, 1927	5	43,600.00
2402782	Prudential Insurance Company of America	100,000.00	9,739.00	June 8	June 8, 1917	June 8, 1927	5	41,600.00
183763	Manhattan Life Insurance Company of New York	5,000.00	210.40	June 12	June 20, 1917	Death	5	560.00
2430461	Mutual Life Insurance Company of New York	10,000.00	787.20	July 20	July 23, 1917	July 23, 1932	5	2,606.80
275886	Fidelity Mutual Life Insurance Company, Philadelphia	55,000.00	6,175.40	August 5	August 5, 1917	August 5, 1927	5	23,045.00
804942	Pennsylvania Mutual Life Insurance Company of Philadelphia	50,000.00	5,575.00	June 6	June 5, 1917	June 5, 1927	5	22,308.00
128615	Security Mutual Life Insurance Company	10,000.00	1,096.60	June 14	June 14, 1917	June 14, 1927	5	4,360.00
92386	North American Life Assurance Company	15,000.00	1,670.25	June 20	June 20, 1917	June 20, 1927	5	5,250.00
486004	Aetna Life Insurance Company of Hartford	50,000.00	2,462.50	June 6	June 6, 1917	June 6, 1927	5	5,500.00
		\$565,000.00	\$50,742.30					\$188,025.30

Carried on the Books of the Company at September 30, 1921 at a value of
 (Which includes Interest on Premiums paid by S. Davis & Sons prior to 1920 and exchange on United States funds).

\$282,343.84

Exhibits.
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30th September 1921
—continued.

PLAINTIFFS' EXHIBIT P-90—F

SIR MORTIMER DAVIS, INCORPORATED

LOANS, SEPTEMBER 30, 1921

	Amount of Loan	Interest Accrued	Total	Income for year	
Consolidated Distilleries Limited.....	\$ 1,300.00	\$ 93.39	\$ 1,393.39	\$ 78.00	Paid, November 11, 1921. Advanced to Lady Davis for the purchase of 257 Bonds of \$100 each of the Imperial Tobacco Company of Canada Limited, which are now deposited with the Union Bank of Canada as collateral to Loans to Sir Mortimer Davis, Inc.
Davis, Lady H. M.....	22,132.18	28.05	22,160.23	28.05	
Dominion Reduction Company Limited:					
Cash Advances.....	821,000.00	484.80	821,484.80	52,843.50	Notes of the Dominion Reduction Company for \$821,000. 610,400 Shares of \$1 each of the Capital Stock of Dominion Reduction Company. Hypothec on certain properties situated in the City of Montreal to the extent of \$271,500.00. Two notes signed by the Dominion Reduction Company for \$130,100 each. 45,004 Shares of \$10 each of the Capital Stock of the Bluestone Mining and Smelting Company. Notes of the Federal Coals Limited for \$61,791.75.
Notes purchased from the De Lamar Estate.	221,919.89		221,919.89		
Federal Coals Limited.....					
General Cigars Limited.....	61,791.75		61,791.75	2,606.03	
Brown, Mrs. I., on account of Ackerman Notes	1,300.00	116.90	1,416.90	1,906.21	
J. R. Orton, on account Canadian Industrial	Paid Off			1,389.31	
Alcohol Company.....	Paid Off			1,490.12	
St. Hyacinthe Distillery Co. Ltd.....	Paid Off			22.98	
Sir Mortimer B. Davis.....					
	\$1,129,443.82	\$ 723.14	\$1,130,166.96	\$60,364.20	No security held by Company.
	166,572.29	5,135.20	171,707.49	5,135.20	
				<u>\$65,499.40</u>	

Exhibits.

P-90.
Annual Report and Statement of Incorporated Company, 30th September 1921
—continued.

PLAINTIFFS' EXHIBIT P-90—G

SIR MORTIMER DAVIS, INCORPORATED

DIRECTORS' FEES RECEIVED BY J. B. WADDELL AS NOMINEE OF THE COMPANY DURING THE YEAR ENDING SEPTEMBER 30, 1921

	Canadian Consolidated Rubber Company Limited	\$ 999.96
	Canadian Industrial Alcohol Company Limited	2,958.26
10	Consolidated Asbestos Limited	1,000.00
	Davis, Sir Mortimer, Incorporated	1,000.00
	Federal Asbestos Company Limited	300.00
		\$ 6,258.22

PLAINTIFFS' EXHIBIT P-91

PRICE, WATERHOUSE & CO.

P-91.
Annual Report and Statement of Incorporated Company, 30th September 1922.

20

145 St. James Street
(Dominion Express Building)

Montreal, October 21, 1922.

The President and Directors,
Sir Mortimer Davis, Incorporated,
Montreal, P.Q.

Dear Sirs:

30 In accordance with instructions we have examined the Books and Accounts of Sir Mortimer Davis, Incorporated, for the year ending September 30, 1922, and have prepared and attach hereto the following Financial Statements:

- Exhibit A Balance Sheet, September 30, 1922.
- “ B Statement of Profit & Loss for the year ending September 30, 1922.
- “ C List of Investments in Stocks and Bonds and Income therefrom during the year.
- 40 “ D List of Properties.
- “ E Particulars of Insurance Policies on Life of Sir Mortimer B. Davis and surrender values thereof.
- “ F List of Loans made by the Company and Income therefrom during the year.
- “ G Statement of Directors' fees received during the year by Mr. J. B. Waddell in his capacity as a nominee of the Company.

In connection with these Accounts we would make the following remarks:—

The Company's Investments in Stocks and Bonds are carried on the books at September 30, 1922, at \$9,509,948.87 as compared with the book value of \$10,068,885.59 at September 30, 1921, the reduction of \$558,936.72 being made up as follows:—

	Sales of 44,500 Shares of Imperial Tobacco Company of Canada Limited carried on books at a value of.....	\$277,577.65
10	Sales of Bonds of the Imperial Tobacco Company of Canada Limited of a par value of \$315,800.00 carried on the books of the Company at a cost of.....	271,959.07
	Book value of 2,000 shares of Federal Coals Limited (now in liquidation) written off.....	36,400.00
	Cash distribution of \$8.00 per share on 50 Preferred shares of Hamilton Car Company Limited.....	400.00
		<hr/>
		\$586,336.72
	Less: Purchase of 1,096 shares of Canadian Industrial Alcohol Company Limited at \$25.00 per share.....	27,400.00
		<hr/>
20		<u>\$558,936.72</u>

An amount of \$45,873.06 has been charged to the Profit & Loss Account for the year in respect of the foregoing transactions, made up as under:—

	Amount by which the book value of 44,500 shares of the Imperial Tobacco Company of Canada Limited sold exceeded the amount realised therefor.....	\$ 49,366.49
	LESS: Profit realised from sale of Bonds of the Imperial Tobacco Company of Canada Limited.....	39,893.43
30		<hr/>
	Loss on sales of Stocks and Bonds.....	\$ 9,473.06
	ADD: Book value of Capital Stock of Federal Coals Limited written off.....	36,400.00
		<hr/>
		<u>\$ 45,873.06</u>

Exhibits.
—
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Annual
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30th September 1922
—continued.

40 The 44,500 shares of the Imperial Tobacco Company of Canada, Limited were sold in England by the Union Bank of Canada and the proceeds from the sale thereof and of 10,500 shares previously sold, together with interest accrued to September 30, 1922, total £63,090.18.2. We understand that this amount will ultimately be applied in reduction of the Bank Loans, but that it will not be transferred until exchange conditions improve, and the Union Bank of Canada has furnished us with a certificate that this sum is carried by the London (England) Branch of the Bank at the credit of "K. F. Gilmour, Manager, in Trust". Meantime, however, this amount of £63,090.18.2 converted into currency at \$4.862/3 to the £ is carried as an asset on the books of your Company.

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 porated
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 ember 1922
 —continued.

Your Company owned the entire Capital Stock of the Federal Coals Limited which was acquired at a cost of \$36,400.00 and had also made cash advances to the Federal Coals Limited to the extent of \$61,791.75. During the year under review, the Federal Coal Company Limited went into voluntary liquidation, and the Mining Properties of the Company were purchased from the Liquidator by your Company for an amount of \$10,000.00 at which value they are included in the attached accounts with the other Properties owned by the Company (Exhibit D). It is not anticipated that the Company

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will recover more than \$9,000.00 of the advances of \$61,791.75, and an amount of \$52,791.75 has accordingly been charged to Profit & Loss Account at September 30, 1922.
 Securities representing the Company's Investments in Stocks and Bonds at September 30, 1922, as enumerated on Exhibit C have been produced for our inspection or verified by Certificates from Depositories. Market quotations of the Company's Investments are in many cases not available and we are not in a position to determine as to the propriety of the values at which they are carried on the Company's books.

20

Particulars of Insurance policies on the life of Sir Mortimer B. Davis are shown on Exhibit E attached hereto, and it will be seen therefrom that, while the surrender values thereof would appear to be \$228,629.80, the policies appear on the books at a value of \$325,797.83.

Loans made by the Company and interest accrued thereon, together with particulars of the collateral securities held by the Company are detailed on Exhibit F.

The amount of \$252,564.79 carried against Sir Mortimer Davis has been confirmed to us.

30

Expenditures on Fixtures & Fittings in the new office of the Company less the allowance of \$10,000.00 made to the Company by the Canada Cement Company Limited, aggregated \$22,206.04 which is carried under the caption of Deferred Charges, since it is proposed to write this amount off during the period of twenty years covered by the lease. The provision made in this respect for the five months ending September 30, 1922, amounted to \$462.64.

The bank balances have been verified by certificates received direct from the Company's bankers and so far as we have been able to ascertain, all known liabilities at September 30, 1922, have been

40

taken up on the books of the Company as at that date.
 The General and Administration Expenses include a charge of \$5,049.80 in respect of Pension payments as follows:—

Mrs. M. D. Cowan	\$3,600.00
J. Nathan	1,449.80
	<hr/>
	<u>\$5,049.80</u>

Exhibits.
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In connection with the latter amount, we would point out that a resolution passed by the Directors of the Company on November 13, 1921, provided that the payments to Mr. Nathan should be charged to the personal account of Sir Mortimer Davis, and we shall be glad if you will advise us whether the treatment now adopted has the approval of the Board.

* * *

We shall be glad to furnish you with any further information that
10 you may desire.

Yours very truly,

PRICE, WATERHOUSE & Co.

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Exhibits.
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—continued.

PLAINTIFFS' EXHIBIT P-91—A
SIR MORTIMER DAVIS, INCORPORATED

BALANCE SHEET, SEPTEMBER 30, 1922

ASSETS	LIABILITIES
INVESTMENTS IN STOCKS & BONDS (Book Values)..... Exhibit C \$9,509,948.87	CAPITAL STOCK:
PROPERTIES (Book Values)..... " D 253,222.96	Authorized—100,000 shares of \$100.00 each \$10,000,000.00
LIFE INSURANCE POLICIES (Book Values)..... " E 325,797.83	Issued — 50,000 " \$ 5,000,000.00
LOANS & INTEREST ACCRUED THEREON (Book Values)..... " F 1,194,695.89	TWENTY YEAR SIX PER CENT SERIAL NOTES..... \$10,000,000.00
SIR MORTIMER B. DAVIS ADVANCE ACCOUNT.. 252,564.79	MORTGAGE:
FOND INTEREST ACCRUED..... 1,650.00	On St. James Street Property..... 50,000.00
SUNDRY ACCOUNTS RECEIVABLE..... 2,306.00	UNION BANK OF CANADA:
OFFICE FURNITURE..... 4,752.62	Loans on General Account (Secured by
CASH IN BANK..... 1,103.91	cash for £63,090.18.2 held in trust in
	England as per contra and by deposit of
	collateral)..... \$ 1,000,000.00
	Loans on Special Account secured by de-
	posit of collateral..... 476,180.35
	Bank Overdraft..... 207,582.40
	1,683,762.75
CASH HELD IN TRUST IN ENGLAND BY UNION	ACCOUNTS PAYABLE:
BANK OF CANADA against Loan as per	O'Brien & Williams Loan Account (Secured)
Contra—	Interest accrued on 6% Serial Notes for
Proceeds from sale of—	three years..... 900,000.00
55,000 Shares of Imperial Tobacco Co. of	Bank and Mortgage Interest and Taxes
Canada Limited £61,460.6.2 at 4.86%. \$ 299,106.81	accrued..... 33,946.20
Interest accrued thereon to Sept.	Sundry Accounts Payable..... 29,563.99
30, 1922.....£1,630.120 7,935.58	Directors' Fees payable..... 2,000.00
	1,017,466.02
DEFERRED CHARGES:	MONTREAL TRUST COMPANY:
Taxes prepaid..... \$ 3,772.50	Investments deposited in Trust as per contra..... 72,900.00
Pension: prepaid..... 300.00	RESERVE ACCOUNT..... 381,874.49
Office Furniture & Fittings, less proportion	CONTINGENT LIABILITY:
written off to date..... 21,743.40	Unrestricted Guarantee to Union Bank of Canada for
INVESTMENTS HELD IN TRUST BY MONTREAL	Advances to the Consolidated Asbestos Limited,
TRUST COMPANY, as per contra..... 72,900.00	amounting at September 30, 1922, to \$520,521.06.
DEFICIT ACCOUNT:	
Balance, September 30, 1921..... \$ 821,951.86	
Add: Loss for the year ending September	
30, 1922, as per statement attached..... 432,250.24	
1,254,202.10	
<u>\$13,206,003.26</u>	<u>\$13,206,003.26</u>

PLAINTIFFS' EXHIBIT P-91—B

SIR MORTIMER DAVIS, INCORPORATED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING
SEPTEMBER 30, 1922

Exhibits.

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—continued.

	Income from Investments in Stocks and Bonds (Exhibit C).....		\$146,702.50
	Interest received and accrued:—		
10	On Loans.....	\$ 16,547.36	
	On Funds held in Trust in England by Union Bank of Canada £474.18.11 at \$4.86 $\frac{2}{3}$	2,311.40	
			18,858.76
	Income from Insurance Agency.....		2,888.47
	Directors' Fees.....		9,841.70
			\$178,291.43
	DEDUCT:—Taxes and Expenses on Properties owned by the Company, in excess of rentals.....		9,105.65
			\$169,185.78
	DEDUCT: General and Administration Expenses:—		
20	Salaries and Bonuses.....	\$ 29,861.02	
	Pensions (Messrs. M. D. Cowans and J. Nathan).....	5,049.80	
	Directors' Fees.....	3,000.00	
	Office Rent and Taxes.....	4,081.47	
	Province of Quebec Companies Tax.....	5,030.00	
	General Office Expense.....	1,769.27	
	Travelling Expenses.....	925.00	
	Legal Expenses.....	6,872.93	
	Supervision Expenses Federal Coals Property.....	4,292.11	
	Donations.....	30,000.00	
			90,881.60
			\$ 78,304.18
30	DEDUCT:		
	Interest paid and accrued—		
	On Bank Loans.....	\$ 97,339.36	
	On Mortgage Loans.....	2,088.51	
	On Other Loans.....	1,577.34	
	On 6% Serial Notes.....	300,000.00	
			401,005.21
	Depreciation of Office Furniture.....	528.06	
	Amortization of Office Furniture and Fittings.....	462.64	
	Office Furnishings written off.....	3,030.31	
			405,026.22
			\$326,722.04
40	ADD:		
	Loss on Investments (Exhibits C).....	\$ 45,873.06	
	Amount written off Loan to Federal Coal Ltd., now in liquidation (Exhibit F).....	52,791.75	
	Loss resulting from Guarantee of Book Debts of S. Davis & Sons.....	6,863.39	
			105,528.20
	Loss for the year.....		\$432,250.24

Exhibits.

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Annual
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—continued.

PLAINTIFFS' EXHIBIT P-91—C
SIR MORTIMER DAVIS, INCORPORATED

INVESTMENTS IN STOCKS AND BONDS

NAME OF COMPANY	Balance September 30, 1921			Additions during year			Sales during year			Balance September 30, 1922			Income for year ending Sept. 30, 1922
	No. of Shares	Par Value	Book Value	No. of Shares	Cost	No. of Shares	Sale Price	Loss or Gain on Sales, etc.	No. of Shares	Par Value	Book Value		
STOCKS:													
Canadian Industrial Alcohol Company Limited.....	40,171	\$4,017,100	\$4,017,100.00	1,096	\$27,400.00				41,267	\$4,126,700	\$4,044,500.00		
Consolidated Asbestos Ltd.....	35,581	3,558,100	1,706,048.12						35,581	3,558,100	1,706,048.12		
Corby Distillery Co. Ltd.....	5,172		269,804.76						5,172		269,804.76		
Croesus Gold Mines Ltd.....	9,000	9,000	9,000.00						9,000	9,000	9,000.00		
Dominion Reduction Co.....	635,302	635,302	635,302.00						635,302	635,302	635,302.00		
Imperial Tobacco Company of Canada Limited.....	385,580	1,927,900	2,405,131.05						385,580	1,927,900	2,127,553.40		134,125.00
National Steel Car Co. now Hamilton Car Co. Ltd.....	50	5,000	5,000.00			44,500	\$228,211.16	\$49,306.49	341,080	1,705,400	2,127,553.40		
Hamilton Car Co. Ltd.....	5-72/5	5,740	1.00				400.00		50	5,000	4,600.00		
Trans-Canada Theatres Ltd.....	4,000	100,000	90,000.00						57 1/2	5,740	1.00		
Union Bank of Canada.....	2,400	60,000	60,000.00						4,000	100,000	90,000.00		
Crown Trust Company.....	503	50,300	77,459.59						2,400	60,000	60,000.00		
Federal Coals Limited.....	50	5,000	5,000.00						503	50,300	77,459.59		5,030.00
General Cigar Co. Limited.....	2,000	200,000	36,400.00						50	5,000	5,000.00		300.00
General Cigar Co. Limited.....	852	85,200	85,200.00						852	85,200	85,200.00		
General Cigar Co. Limited.....	6,422	642,200	394,980.00						6,422	642,200	394,980.00		
			\$9,736,426.52		\$27,400.00		\$228,611.16	\$85,766.49			\$9,449,448.87		\$139,455.00
BONDS:													
Jacobs Asbestos Mining Company Limited.....		55,000	60,500.00								55,000	60,500.00	3,300.00
Imperial Tobacco Company of Canada Limited.....		315,800	271,959.07			3,158	311,852.50	39,893.43					3,947.50
			\$10,068,885.59		\$27,400.00		\$540,463.66	\$45,873.06			\$9,509,948.87		\$146,702.50

Securities included above Deposited with the Union Bank of Canada as Collateral to Loans—

General Loan for.....	\$1,000,000.00	270,500 Shares Imperial Tobacco Company of Canada Limited.
		635,300 " Dominion Reduction Company Limited.
Special Loan for.....	\$476,180.35	\$55,000 Bonds Jacobs Asbestos Mining Company Limited.
		35,566 Shares Consolidated Asbestos Limited.

10

PLAINTIFFS' EXHIBIT P-91—D

SIR MORTIMER DAVIS, INCORPORATED

PROPERTIES, SEPTEMBER 30, 1922

Exhibits.

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 porated
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 30th Sept-
 ember 1922
 —continued.

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Name of Property	Book Value Sep. 30, 1921	Additions during year	Book Value Sep. 30, 1922
Murray Property Syndicate	\$ 21,000.00		\$ 21,000.00
Notre Dame de Grace Property.....	20,793.60		20,793.60
North Shore Property.....	15,000.00		15,000.00
St. James Street Property.....	115,744.96		115,744.96
Mackay Street Property.....		35,000.00	35,000.00
Federal Coals Property.....		10,000.00	10,000.00
Newfoundland Oil Lands.....	9,175.90	1,508.50	10,684.40
30 Alberta Coal Properties.....	25,000.00		25,000.00
	<u>\$206,714.46</u>	<u>\$46,508.50</u>	<u>\$253,222.96</u>

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Exhibits.
 P-91.
 Annual Report and Statement of Incorporated Company, 30th September 1922
 —continued.

PLAINTIFFS' EXHIBIT P-91—E
 SIR MORTIMER DAVIS, INCORPORATED

PARTICULARS OF INSURANCE POLICIES

Policy Number	INSURANCE COMPANY	Amount of Insurance	Yearly Premium	Premiums Payable	Date of Insurance	Maturity Date	Number of Annual Premiums Paid	Surrender Value
313421	(Germania) Now Guardian Insurance Company of New York.....	\$ 50,000.00	5,483.00	June 6	June 6, 1917	June 6, 1927	6	\$ 26,979.00
412429	Travellers Insurance Company, Hartford.....	75,000.00	2,886.75	June 4	June 4, 1917	Death	6	10,050.00
2252362	Equitable Life Assurance Society of the United States.....	45,000.00	3,022.20	June 4	June 4, 1917	Death	6	7,280.00
6151437	New York Life Insurance Company.....	100,000.00	11,634.00	May 29	May 29, 1917	May 29, 1927	6	53,600.00
2402782	Prudential Insurance Company of America.....	100,000.00	9,739.00	June 8	June 8, 1917	June 8, 1927	6	51,600.00
183673	Manhattan Life Insurance Company of New York.....	5,000.000	210.40	June 20	June 20, 1917	Death	6	685.00
2430461	Mutual Life Insurance Company of New York.....	10,000.00	787.20	July 23	July 23, 1917	July 23, 1932	6	3,201.80
275886	Fidelity Mutual Life Insurance Company, Philadelphia.....	55,000.00	6,175.40	August 5	August 5, 1917	August 5, 1927	6	28,710.00
804942	Pennsylvania Mutual Life Insurance Company of Philadelphia.....	50,000.00	5,575.00	June 5	June 5, 1917	June 5, 1927	6	27,329.00
129615	Security Mutual Life Insurance Company.....	10,000.00	1,096.60	June 14	June 14, 1917	June 14, 1927	6	5,380.00
92386	North American Life Assurance Company.....	15,000.00	1,670.25	June 20	June 20, 1917	June 20, 1927	6	6,855.00
486064	Aetna Life Insurance Company of Hartford.....	50,000.00	2,462.50	June 6	June 6, 1917	Death	6	6,950.00
		<u>\$565,000.00</u>	<u>\$50,742.30</u>					<u>\$228,629.80</u>

Carried on the Books of the Company at September 30, 1922 at a value of.....
 (Which includes Interest on Premiums paid by S. Davis & Sons prior to 1920 and Exchange on United States Funds)..... \$325,797.83

PLAINTIFFS' EXHIBIT P-91—F
SIR MORTIMER DAVIS, INCORPORATED

LOANS—SEPTEMBER 30, 1922

Amount of Loan	Interest Accrued	Total	Income for year	Remarks
\$ 829,500.00	\$58,058.45	\$ 887,558.45	\$57,573.65	Security held— Notes of the Dominion Reduction Company Limited for . . . \$826,000.00 Note of the Bluestone Mining & Smelting Company for . . . \$ 3,500.00 610,400 Shares of \$1.00 each of the Capital Stock of the Dominion Reduction Company Limited. Hypothec on certain properties situated in the City of Montreal to the extent of \$271,500.00.
221,919.89		221,919.89		Security held— Two Notes signed by the Dominion Reduction Company Limited for \$130,100.00 each. 45,004 Shares of \$10.00 each of the Capital Stock of the Bluestone Mining & Smelting Company.
9,000.00		9,000.00	157.30	Secured by Note of N. Horsfall for \$3,000.00.
3,000.00	157.30	3,157.30	3,500.00	Advanced on the authority of Sir Mortimer B. Davis in connection with the purchase of 1,265 shares of United States Rubber for Countess Maroni. The shares are held by O'Brien & Williams as collateral to the balance due them of \$51,955.83.
127,618.70	3,500.00	131,118.70		This loan, together with the liability to O'Brien & Williams, will be transferred as of October 1, 1922, to Sir Mortimer B. Davis' Personal Account.
				Paid off
			650.00	
\$1,191,038.59	\$61,715.75	\$1,252,754.34	\$61,881.01	
Deduct: Interest on Dominion Reduction Company Limited Advances reserved for in full				
\$1,191,038.59	\$ 3,657.30	\$1,194,695.89	\$ 3,822.56	
239,839.99	12,724.80	252,564.79	12,724.80	
\$1,430,878.58	\$16,382.10	\$1,447,260.68	\$16,547.36	

Exhibits.
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Annual Report and Statement of Incorporated Company, 30th September 1922
—continued.

Dominion Reduction Company Limited:
Cash Advances

Notes purchased from the De Lamar Estate

Federal Coals Limited (In Liquidation):

Amount of Loan \$61,791.75
Less: Amount written off 52,791.75
Expected to realize
N. Horsfall
Countess E. Maroni

Lady H. M. Davis

Deduct: Interest on Dominion Reduction Company Limited Advances reserved for in full

Sir Mortimer B. Davis

PLAINTIFFS' EXHIBIT P-91—G

SIR MORTIMER DAVIS, INCORPORATED

Exhibits.

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DIRECTORS' FEES RECEIVED BY J. B. WADDELL AS NOMINEE OF
THE COMPANY DURING THE YEAR ENDING SEPTEMBER 30, 1922

	Dominion Reduction Company Limited	\$ 500.00
	Canadian Industrial Alcohol Company Limited	6,541.74
10	Canadian Consolidated Rubber Company Limited	999.96
	Consolidated Asbestos Limited	500.00
	Federal Asbestos Company Limited	300.00
	Sif Mortimer Davis, Incorporated	1,000.00
		<u>\$9,841.70</u>

PLAINTIFFS' EXHIBIT P-92

20

PRICE, WATERHOUSE & CO.

145 St. James Street
(Dominion Express Building)

Montreal, October 20, 1923.

The President and Directors,
Sir Mortimer Davis, Incorporated,
30 Montreal.

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of Incorporated
Company,
30th Sept-
ember 1923.

Dear Sirs:—

In connection with our examination of the Books and Accounts of Sir Mortimer Davis, Incorporated, for the year ending September 30, 1923, we have, as requested, prepared and attach hereto the following Preliminary Financial Statements as at that date:—

- 40 Exhibit A Balance Sheet, September 30, 1923.
- “ B Statement of Profit and Loss for the year ending September 30, 1923.
- “ C List of Investments in Stocks and Bonds and Income therefrom during the year.
- “ D List of Properties.
- “ E List of Loans made by the Company and Income therefrom during the year.

Exhibit F Particulars of Insurance Policies on the Life of Sir Mortimer B. Davis and cash surrender values thereof.

“ G Statement of Directors' fees received during the year by Mr. J. B. Waddell in his capacity as a nominee of the Company, and turned over to the Company.

10 We have not yet completed our examination in detail, and the statements now submitted may be subject to adjustment as the result of our final audit and of the decision of the Directors in regard to treatment of certain items in the Accounts later referred to.

The Company's Investments in Stocks and Bonds are carried on the books at September 30, 1923, at \$8,735,726.99 as compared with the book value of \$9,509,948.87 at September 30, 1922, the reduction of \$774,221.88 being made up as follows:—

	Sales of 1,198 Shares (old Stock) of Canadian Industrial Alcohol Company Limited carried on the books of the Company at a value of	\$ 117,414.00
20	Sales of 12,232 Shares (New Stock) of Canadian Industrial Alcohol Company Limited carried on the books of the Company at a value of	149,856.03
	Cash Distribution of \$39.00 per Share on 5,172 Shares of Corby Distillery Company Limited	201,708.00
	Loss on realization of Investment in Corby Distillery Company Limited	68,096.76
	Sales of 247,580 Shares of Imperial Tobacco Company of Canada Limited carried on the books of the Company at a value of	1,544,329.75
	Sale of 2/5 Share of Hamilton Car Company Limited Common (Old Stock) for	10.00
30		<hr/>
		\$2,081,414.54
	Loss on Exchange of 1,604 Shares (Old Stock) of Canadian Industrial Alcohol Company Limited carried on the books at a value of \$157,205.00 for 1,604 Shares of Consolidated Asbestos Limited having a book value of \$76,911.80	80,293.20
		<hr/>
		\$2,161,707.74

Exhibits.
P-92.
Annual Report and Statement of Incorporated Company, 30th September 1923
—continued.

	Investments written off:	
	Book Values of Capital Stocks of undernoted Companies:	
	Dominion Reduction Company Com.....	\$635,302.00
40	Croesus Gold Mines Limited “	9,000.00
	Trans-Canada Theatres Ltd Pref.....	90,000.00
		<hr/>
		734,302.00
		<hr/>
		\$2,896,009.74
	LESS:	
	Amount by which the book value of 295,488 Shares of the Canadian Industrial Alcohol Company Limited was arbitrarily written up on the books of your Company during the year	\$1,994,247.03

Exhibits.
P-92.
Annual
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of Incorporated
Company,
30th September 1923
—continued.

10	New Book Value at \$19.00 per share.....	\$5,614,272.00	
	Old Book Value at approximately \$12.251 per share....	3,620,024.97	
	900 Shares of Union Bank of Canada purchased at a cost of.....	99,607.50	
	Investment in Artificial Silk Company—£5,000 at \$4.86 2/3.....	24,333.33	
	\$4,000 Corby Distillery Company Bonds purchased at a cost of.....	3,600.00	
		2,121,787.86	
		\$ 774,221.88	

An amount of \$295,815.61 has been charged to Profit and Loss Account for the year in respect of the losses on Sales and exchanges of investments noted below:

Canadian Industrial Alcohol Company Limited:			
20	1,198 Shares (Old Stock) sold.....	\$80,664.00	
	1,604 " (Old Stock) loss on exchange.....	80,293.20	
	12,232 " (New Stock) sold.....	19,202.99	
		\$180,160.19	
Imperial Tobacco Company of Canada Limited:			
	247,580 Shares sold.....	115,655.42	
		\$295,815.61	

The Reserve for Investments carried at September 30, 1922, at \$381,874.49 has been increased during the past year to \$1,468,736.26, made up as under:—

30	Balance, September 30, 1922.....	\$ 381,874.49	
	Amount written up on book value of Canadian Industrial Alcohol Co. Ltd.....	1,994,247.03	
		\$2,376,121.52	
	Investments written off, as shown above.....	\$ 734,302.00	
	Loss on Corby Distillery Company stock.....	68,096.76	
	Amount written off book value of Insurance Premiums to reduce Cash Surrender value.....	95,986.50	
	Balance of Loan to Federal Coals Ltd.....	9,000.00	
		907,385.26	
40	Balance, September 30, 1923.....	\$1,468,736.26	
		\$1,468,736.26	

The market value of certain investments of the Company and the realisable value of certain loans made by the Company are not readily ascertainable, but it would seem to us that if the Company adopts the practice of writing up investments to approximate market values, it should also consider the reverse side of the situation and

write down the values of non-revenue producing securities. In this connection we would point out that the Reserve of \$1,468,736.26 may not be sufficient to provide for possible losses on or depreciation of the following Investments and Loans:—

	Consolidated Asbestos Limited:	
	37,185 Shares at \$47.948 per share.....	\$1,782,959.92
	Imperial Tobacco Company Limited:	
	93,500 Shares at \$6.2377 per share.....	583,223.65
10	General Cigar Company Limited:	
	852 Preferred Shares at \$100 per share.....	85,200.00
	6,422 Common Shares at \$61.50 per share.....	394,980.00
	Loans to Dominion Reduction Company.....	841,900.00
	Notes purchased from the DeLamar Estate.....	221,919.89
		<u>\$3,909,283.46</u>

20 In addition to the above mentioned Investments and Loans, losses may be sustained by the Company on the realisation of the Properties owned by it and enumerated on Schedule D.

Securities representing the Company's Investments in Stocks and Bonds at September 30, 1923, as enumerated on Exhibit C have been produced for our inspection, or verified by certificates from depositaries.

We have not yet received confirmation of Sir Mortimer Davis' Advance Account, viz.: \$151,231.43.

30 The following amounts are included in "Sundry Accounts Receivable":

	Canadian Industrial Alcohol Company Limited:	
	Proportion of Rent, Taxes, Salaries, etc.....	\$ 6,776.37
	Consolidated Asbestos Limited:	
	Proportion of Rent, Taxes, Salaries, etc.....	3,601.00
	H. M. Marler, 400 Shares of Canadian Industrial Alcohol Company Limited.....	4,800.00
	Directors' Fees and sundry other amounts receivable.....	4,435.71
		<u>\$19,613.08</u>

The balance of £77,044.13.5 carried by the London (England) Branch of the Union Bank of Canada in the name of "K. F. Gilmour in Trust" has been verified by certificate received direct from the bank in Montreal. The following is a summary of the transactions in the account during the year under review:—

Exhibits.
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—continued.

40

Exhibits.		Balance September 30, 1922.....	£ 63,090.18.2 at 4.86 2/3	\$ 307,042.39
		ADD:		
		Receipts from sale of 247,580 Shares of Imperial Tobacco of Canada Limited.....	£293,369. 9.2	1,427,731.38
		Interest credited.....	584. 6.1	2,843.61
			<u>£357,044.13.5</u>	<u>\$1,737,617.38</u>
		DEDUCT:		
		Transfers to Loan Account. £245,000		1,192,333.32
		Payment to Sir M. Davis 30,000		146,000.00
		Payments to Artificial Silk Co.....	5,000	24,333.33
			<u>280,000. 0.0</u>	<u>\$1,362,666.65</u>
		Balance September 30, 1923.....	<u>£ 77,044.13.5</u>	<u>\$ 374,950.73</u>

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Annual
Report and
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of Incor-
porated
Company,
30th Sept-
ember 1923
—continued.

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The transfers of £245,000 and payment to Sir Mortimer Davis of £30,000 have resulted in a loss in exchange of \$29,424.57.

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At a meeting of the Board of Directors held on June 11, 1923, it was resolved to redeem \$848,000 of the 6% Serial Notes of the Company, thereby reducing the amount outstanding to \$4,152,000.00. The Advance Account of Sir Mortimer Davis has been credited with the sum of \$800,000 and the amounts of \$40,000 and \$8,000 have been paid to Messrs. J. B. Waddell and H. M. Marler respectively. We are informed that the agreement entered into with the Company by Mr. J. B. Waddell in respect of these notes has been cancelled, but no reference thereto is contained in the minutes of the Company.

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The bank balances have been verified by certificates received direct from the Company's bankers.

So far as we have been able to ascertain, all known liabilities of the Company at September 30, 1923, have been taken up on the books at that date. "Sundry Accounts Payable" consist of the following items:—

	J. B. Waddell—balance on current account.....	\$ 8,371.63
	MacDougall & MacDougall—36 Shares Union Bank Stock purchased September 24, 1923.....	3,862.30
40	Salaries and Retaining Fees.....	1,850.00
	Meredith, Holden, Hague, Shaughnessy & Co., Legal Fees.....	413.77
	Sundry Accounts for office furniture, etc.....	2,007.47
		<u>\$ 16,505.17</u>

We note that no Directors' Fees have been received from the Dominion Reduction Company Limited during the past year.

Pension payments to Mr. A. Nathan during the past two years, amounting to \$2,609.92, have been included in the General and Administration Expenses of that period. A resolution passed by the Directors of the Company on November 13, 1921, provided that the payments to Mr. Nathan should be charged to the personal account of Sir Mortimer Davis, and we shall be glad if you will advise us whether the treatment adopted has the approval of the Board.

Exhibits.

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Annual
Report and
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of Incorporated
Company,
30th September 1923
—continued.

* * *

10 We shall be glad to afford you any further information you may desire, and on being advised as to the decision of the Directors in regard to the questions discussed in this report, we will furnish the Company with Certified Accounts as required by the Dominion Companies Act.

Yours very truly,

PRICE, WATERHOUSE & Co.

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PLAINTIFFS' EXHIBIT P-92—B
SIR MORTIMER DAVIS, INCORPORATED
PRELIMINARY STATEMENT OF PROFIT AND LOSS FOR
THE YEAR ENDING SEPTEMBER 30, 1923

Exhibits.
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P-92.
Annual
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Company,
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ember 1923
—continued.

	Income from Investments in Stocks and Bonds (Exhibit C)	\$312,356.04
	Interest received and accrued:	
	On Loans (Exhibit E)	\$ 29,206.23
	On Funds held in Trust in England by the Union Bank of Canada £584.6.1 at \$4.86 2/3	2,843.61
10	Sundry	109.18
		32,159.02
	Income from Insurance Agency	4,894.05
	Directors' Fees (Exhibit G)	9,774.99
		\$359,184.10
	DEDUCT: Taxes and Expenses on Properties owned by the Company in excess of rentals	1,319.67
		\$357,864.43
	DEDUCT: General and Administration Expenses:	
	Salaries and Bonuses	\$ 28,813.39
	Pensions (Mrs. D. M. Cowans and A. Nathan)	4,760.12
20	Directors' Fees	3,000.00
	Office Rent and Taxes	7,009.00
	Province of Quebec Companies Tax	5,030.00
	General Office Expense	2,553.61
	Miscellaneous Expenses	705.63
	Travelling Expenses	290.00
	Legal Expenses	412.58
	Supervision Expenses Federal Coals Property, less Revenue	4,726.33
	Donations	34,200.00
		91,500.66
		\$266,363.77
30	DEDUCT:	
	Interest Paid and Accrued:	
	On Bank Loans and Overdraft	\$ 85,765.60
	On Mortgage Loan	3,519.29
	On Other Loans	871.63
	On 6% Serial Notes	274,560.00
	On Instalments of Interest on 6% Serial Notes for Six Months ending Septem- ber 30, 1923	25,380.00
		\$390,096.52
	Depreciation of Office Furniture	2,990.34
40	Amortization of Office Fixtures & Fittings	1,166.25
		394,253.11
		\$127,889.34
	ADD:	
	Loss on Investments (Exhibit C)	\$295,815.61
	Loss on Sterling Exchange	29,424.57
	Canadian Exploration Syndicate Expenses	5,012.23
		330,252.41
		\$458,141.75

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Exhibits.

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Annual
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of Incorporated
Company,
30th September 1923
—continued.

PLAINTIFFS' EXHIBIT P-92—C
SIR MORTIMER DAVIS, INCORPORATED
INVESTMENTS IN STOCKS AND BONDS

NAME OF COMPANY	Balance September 30, 1922		Purchased during year		Exchanged during year		Sales during year		Reserve Account		Balance September 30, 1923		Income for year ending September 30, 1923		
	No. of Shares	Par Value	No. of Shares	Book Value	No. of Shares	Book Value	No. of Shares	Sale Price	Loss or Gain on Sale or Exchange	Increase in Book Value	Written Off	No. of Shares		Par Value	Book Value
Canadian Industrial Alcohol Company Limited..... Old Com.	41,267	\$4,126,700		\$4,044,500.00					\$ 80,898.20			295,488	\$7,387,200.00	\$5,614,272.00	\$ 224,400.75
Canadian Industrial Alcohol Company Limited..... New Com.	35,581	3,558,100		1,706,048.12					80,664.00			37,185	3,718,500.00	1,782,959.92	
Consolidated Asbestos Ltd..... Com.	5,172	9,000		269,804.76					19,202.99			9,000	9,000.00		
Corby Distillery Co. Ltd..... Com.	9,000	9,000		9,000.00					9,000.00			9,000	9,000.00		
Croesus Gold Mines Ltd..... Com.	635,302	635,302		635,302.00					635,302.00			635,302	635,302.00		
Dominion Reduction Co. Ltd..... Com.	341,080	1,705,400		2,127,553.40					115,655.42			93,500	467,500.00	583,223.65	79,282.79
Imperial Tobacco Company of Canada Limited..... Com.	50	5,000		4,600.00								107		4,591.00	
Hamilton Car Co. Limited..... Pref.	57½	5,740		1.00								4,000	100,000.00		
Hamilton Car Co. Limited..... Com.	4,000	100,000		90,000.00								2,400	60,000.00		
Trans-Canada Theatres Ltd..... Bonus Com.	2,400	60,000		77,459.59								1,403	140,300.00	177,067.09	4,832.50
Union Bank of Canada..... Com.	503	50,300		5,000.00								50	5,000.00	5,000.00	300.00
Crown Trust Company..... Pref.	50	5,000		85,200.00								852	85,200.00	85,200.00	
General Cigar Co. Ltd..... Com.	852	85,200		394,980.00								6,422	642,200.00	24,333.33	
General Cigar Co. Ltd.....	6,422	642,200		394,980.00											
Artificial Silk Company.....				24,333.33											
				\$9,449,448.87					\$1,797,795.37					\$8,671,626.99	\$308,816.04
				\$123,940.83					\$295,815.61					\$1,994,247.03	\$802,398.76
Jacobs Asbestos Mining Co. Ltd.....		55,000		60,500.00									55,000.00	60,500.00	3,300.00
Corby Distillery Co. Limited.....				3,600.00									4,000.00	3,600.00	240.00
				\$127,540.83					\$1,797,795.37					\$8,735,726.99	\$312,356.04

STOCKS:
Canadian Industrial Alcohol Company Limited..... Old Com.
Canadian Industrial Alcohol Company Limited..... New Com.
Consolidated Asbestos Ltd..... Com.
Corby Distillery Co. Ltd..... Com.
Croesus Gold Mines Ltd..... Com.
Dominion Reduction Co. Ltd..... Com.
Imperial Tobacco Company of Canada Limited..... Com.
Hamilton Car Co. Limited..... Pref.
Hamilton Car Co. Limited..... Com.
Trans-Canada Theatres Ltd..... Bonus Com.
Union Bank of Canada..... Com.
Crown Trust Company..... Pref.
General Cigar Co. Ltd..... Pref.
General Cigar Co. Ltd..... Com.
Artificial Silk Company.....

BONDS:
Jacobs Asbestos Mining Co. Ltd.....
Corby Distillery Co. Limited.....

*Book Value Consolidated Asbestos Limited Common.

Securities included above deposited with the Union Bank of Canada as Collateral to Loans—
General Loan for \$422,191.25 635,300 Shares Dominion Reduction Company Limited.
\$55,000 Bonds Jacobs Asbestos Mining Company Limited.
Special Loan for \$761,980.35 35,566 Shares Consolidated Asbestos Limited.
88,500 Shares Imperial Tobacco Company of Canada. Limited

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PLAINTIFFS' EXHIBIT P-92—D
SIR MORTIMER DAVIS, INCORPORATED
PROPERTIES—SEPTEMBER 30, 1923

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Exhibits.
—
P-92.
Annual
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Statement
of Incorporated
Company,
30th September 1923
—continued.

30

	Book Value September 30, 1922 and 1923
Murray Property Syndicate.....	\$ 21,000.00
Notre Dame de Grace Property.....	20,793.60
North Shore Property.....	15,000.00
St. James Street Property.....	115,744.96
Mackay Street Property.....	35,000.00
Federal Coals Property.....	10,000.00
Newfoundland Oil Lands.....	10,684.40
Alberta Coal Properties.....	25,000.00
	<hr/> <u>\$253,222.96</u> <hr/>

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PLAINTIFFS' EXHIBIT P-92—E
SIR MORTIMER DAVIS, INCORPORATED

LOANS—SEPTEMBER 30, 1923

	Amount of Loan	Interest Accrued	Total	Income for year	Remarks
Dominion Reduction Company Limited Cash Advances.....	\$ 841,000.00	\$116,361.02	\$ 957,361.02	\$58,302.57	Security held: Notes of the Dominion Reduction Co. Ltd. for \$826,000.00. Notes of the Bluestone Mining & Smelting Company for \$12,500.00. Note of the Croesus Gold Mines Limited, \$2,500.00. 610,400 Shares of \$1.00 each of the Capital Stock of the Dominion Reduction Co. Ltd. Hypothec on certain properties situated in the City of Montreal to the extent of \$271,500.00.
Notes purchased from the De- Lamar Estate.....	221,919.89		221,919.89		Security held: Two notes signed by the Dominion Reduction Co. Ltd. for \$260,000.00 less payments of \$173,466.68 endorsed thereon. 45,004 Shares of \$10.00 each of the Capital Stock of the Bluestone Mining & Smelting Co. Security held—Demand Notes of Consolidated Asbestos Limited for \$550,000.00 Security held—Demand Note of Joseph Kaufman dated December 5, 1922, for \$5,000.00.
Consolidated Asbestos Limited....	550,000.00	7,886.41	557,886.41	7,886.41	
Joseph Kaufman.....	5,000.00	286.71	5,286.71	286.71	
	<u>\$1,617,919.89</u>	<u>\$124,534.14</u>	<u>\$1,742,454.03</u>	<u>\$66,475.69</u>	
DEDUCT: Interest on Dominion Reduction Company Limited Advances, reserved for in full..		116,361.02	116,361.02	58,302.57	
	<u>\$1,617,919.89</u>	<u>\$ 8,173.12</u>	<u>\$1,626,093.01</u>	<u>\$ 8,173.12</u>	
	<u>130,198.32</u>	<u>21,033.11</u>	<u>151,231.43</u>	<u>21,033.11</u>	
Sir Mortimer B. Davis.....	<u>\$1,748,118.21</u>	<u>\$ 29,206.23</u>	<u>\$1,777,324.44</u>	<u>\$29,206.23</u>	

Exhibits.
P-92.
Annual Report and Statement of Incorporated Company, 30th September 1923
—continued.

PLAINTIFFS' EXHIBIT P-92—F
SIR MORTIMER DAVIS, INCORPORATED

PARTICULARS OF INSURANCE POLICIES

Policy Number	COMPANY	Amount of Insurance	Yearly Premium	Premiums Payable	Date of Insurance	Maturity Date	Number of Annual Premiums Paid	Surrender Value
313421	Guardian Insurance Company of New York	\$ 50,000.00	\$ 5,483.00	June 6	June 6, 1917	June 6, 1927	7	\$ 32,317.50
412429	Travellers Insurance Company, Hartford	75,000.00	2,886.75	June 4	June 4, 1197	Death	7	11,850.00
2252362	Equitable Life Assurance Society of the United States	45,000.00	3,022.20	June 4	June 4, 1197	Death	7	8,685.00
6151437	New York Life Insurance Company	100,000.00	11,634.00	May 29	May 29, 1197	May 29, 1927	7	64,400.00
2407182	Prudential Insurance Company of America	100,000.00	9,739.00	June 8	June 8, 1197	June 8, 1927	7	62,200.00
183673	Manhattan Life Insurance Company of New York	5,000.00	210.40	June 20	June 20, 1197	Death	7	815.00
2430461	Mutual Life Insurance Company of New York	10,000.00	787.20	July 23	July 23, 1197	July 23, 1932	7	3,843.20
275886	Fidelity Mutual Life Insurance Company, Philadelphia	55,000.00	6,175.40	Aug. 5	Aug. 5, 1197	Aug. 5, 1927	7	34,650.00
804942	Pennsylvania Mutual Life Insurance Company, Philadelphia	50,000.00	5,575.00	June 5	June 5, 1197	June 5, 1927	7	32,580.00
129615	Security Mutual Life Insurance Company	10,000.00	1,096.60	June 14	June 14, 1197	June 14, 1927	7	6,440.00
92386	North American Life Insurance Company	15,000.00	1,670.25	June 20	June 20, 1197	June 20, 1927	7	8,685.00
486064	Aetna Life Insurance Company of Hartford	50,000.00	2,462.50	June 6	June 6, 1197	Death	7	8,350.00
		\$565,000.00	\$50,742.30					\$274,815.70

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Exhibits.

P-92.

Annual
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of Incorporated
Company,
30th September 1923
—continued.

PLAINTIFFS' EXHIBIT P-92-G

SIR MORTIMER DAVIS, INCORPORATED

20 DIRECTORS' FEES RECEIVED AND TURNED OVER BY J. B. WADDELL
AS NOMINEE OF THE COMPANY DURING THE YEAR
ENDING SEPTEMBER 30, 1923

Canadian Consolidated Rubber Company Limited	\$1,000.00
Canadian Industrial Alcohol Company Limited	6,499.99
Consolidated Asbestos Limited	1,750.00
Federal Asbestos Company Limited	525.00
	<hr/>
	\$9,774.99

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DEFENDANTS' EXHIBIT D-52
SIR MORTIMER DAVIS, INCORPORATED

Exhibits.
D-52 and
D-52 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1924.

BALANCE SHEET SEPTEMBER 30, 1924

ASSETS

INVESTMENTS IN STOCKS AND BONDS:	
Capital Stock of Canadian Industrial Alcohol Co. Limited 252,651 shares at \$35.00 per share	\$8,842,785.00
Other Stocks and Bonds (Book Values)	1,766,162.27
	<u>\$10,608,947.27</u>
Properties (Book Values)	206,349.77
Loans and Interest accrued thereon (Book Values)	1,743,387.89
	<u>\$12,558,684.93</u>
Life Insurance Policies (Book Value)	318,686.50
Bond Interest Receivable Accrued	240.00
Sundry Accounts Receivable	17,785.92
Office Furniture (Depreciated Book Value)	4,639.87
Cash in Bank	202,418.95
Cash held in Trust in England by Union Bank of Canada against loan as per contra £188,988.15.3 at \$4.86%	919,745.31
DEFERRED CHARGES:	
Taxes prepaid	\$ 5,958.90
Office Furniture and Fittings less proportion written off to date	19,826.41
	<u>25,785.31</u>
DEBIT ACCOUNT:	
Balance, September 30, 1923	\$1,713,593.85
Less: Profit for the year ending September 30, 1924 as per statement attached	698,419.75
	<u>1,015,174.10</u>

LIABILITIES

CAPITAL STOCK:	
Authorized—100,000 shares of \$100.00 each	\$10,000,000.00
Issued—82,500	8,250,000.00
Less: Paid off 32,500	3,250,000.00
	<u>\$5,000,000.00</u>
CAPITAL SURPLUS ARISING FROM REVALUATION OF CAPITAL ASSETS:	
Less: Amount thereof distributed to Shareholders	\$4,334,143.85
	<u>3,250,000.00</u>
	<u>1,084,143.85</u>
TWENTY YEAR SIX PER CENT. SERIAL NOTES ISSUED:	
Less: Redeemed	\$5,000,000.00
	860,000.00
	<u>4,140,000.00</u>
MORTGAGE OF ST. JAMES STREET PROPERTY:	
	50,000.00
UNION BANK OF CANADA:	
Loans (secured by cash for £188,988.15.3 held in trust in England as per contra and by deposit of collateral) On General Account	\$ 422,191.25
On Special Account	1,611,980.35
	<u>2,034,171.60</u>
AMOUNT DUE TO SHAREHOLDERS IN RESPECT OF PURCHASE OF CAPITAL STOCK:	
Sir Mortimer B. Davis	\$1,051,423.67
H. M. Marler and H. B. McLean in trust	162,500.00
J. B. Waddell	162,500.00
H. M. Marler	32,500.00
	<u>1,408,923.67</u>
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:	
Interest accrued on 6% Serial Notes:—	
Sir Mortimer B. Davis	\$1,149,000.00
J. B. Waddell	58,900.00
H. M. Marler	900.00
	<u>1,208,800.00</u>
Interest accrued thereon to September 30, 1924	89,167.82
Bank and Mortgage Interest accrued	41,228.92
Sundry Accounts Payable	6,725.03
	<u>1,345,921.77</u>
	<u>\$15,063,160.89</u>

We have examined the Books and Accounts of Sir Mortimer Davis, Incorporated, for the year ending September 30, 1924, and have obtained all the information and explanations which we have required; and we certify that the above Balance Sheet at September 30, 1924 is, in our opinion, properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us, and as shown by the Books of the Company.

MONTREAL, October 20, 1924.

PRICE WATERHOUSE & CO.,
Auditors.

DEFENDANTS' EXHIBIT D-52 (a)

PRICE, WATERHOUSE & CO.

145 St. James Street
(Dominion Express Building)

Montreal, October 13, 1924.

Exhibits.
—
D-52 and
D-52 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1924
—continued.

To the President and Directors,
10 Sir Mortimer Davis, Incorporated,
Montreal.

Dear Sirs:

In accordance with instructions we have made an examination of the books and accounts of Sir Mortimer Davis, Incorporated, for the year ending September 30, 1924, and have prepared and attach hereto preliminary accounts at September 30, 1924. These accounts have been drawn up to give effect to the resolutions passed by the directors and shareholders of the Company whereby \$3,250,000.00 of the Capital Stock of the Company was authorized to be issued as a distribution to the Shareholders of the capital surplus arising from the revaluation of capital assets. Resolutions have also been passed authorizing the Company to pay off its capital stock to the amount of \$3,250,000.00 and, on the understanding that supplementary Letters Patent authorizing this reduction have been applied for, we have also given effect to this transaction in the accounts now submitted.

The Capital Surplus of \$4,338,799.85 appearing in the accounts at September 30, 1924, is made up as follows:—

30	Amount of Reserves for Investments carried at September 30, 1923.....	\$1,468,739.26
	ADD:	
	Increase in book value of 252,942 shares of Canadian Industrial Alcohol Limited from \$19.00 to \$35.00 per share.....	\$4,047,072.00
	Increase in book value of \$4,000.00 of Corby's Distillery Bonds to face value.....	400.00
		4,047,472.00
	DEDUCT:	
40	Amounts written off Investments:	
	Consolidated Asbestos Stock.....	\$782,959.92
	Reducing book value to \$1,000,000.00.	
	Union Bank of Canada Stock.....	36,767.09
	Reducing book value to par value of \$140,300.00.	
	Jacobs Asbestos Bonds.....	5,500.00
	Reducing book value to face value of \$55,000.	
		\$ 825,227.01

Amount written off loans to Bluestone Mining & Smelting Co., reducing book value to \$500,000.00	341,500.00	
Newfoundland Oil Lands Expenditures written off	10,684.40	
		<u>1,177,411.41</u>
		<u><u>\$4,338,799.85</u></u>

The amount of \$3,250,000.00 in respect of capital stock to be redeemed has been credited to shareholders as follows:—

10	Sir Mortimer B. Davis.....	\$2,892,500.00	
	H. M. Marler and H. N. McLean in Trust..	162,500.00	
	J. B. Waddell.....	162,500.00	
	H. M. Marler.....	32,500.00	
			<u>\$3,250,000.00</u>

20 The balance of \$1,064,896.17 carried at the credit of Sir Mortimer B. Davis in the attached accounts is made up of the above amount of \$2,892,500.00 less a balance of \$1,827,603.83 representing cash advances and accrued interest to September 30, 1924.

In connection with our verification of the securities representing the Company's investments, we found that according to the books of the Company at September 30, 1924, it owned 252,942 shares of the Capital Stock of the Canadian Industrial Alcohol Limited, but only 252,693 shares have so far been produced to or verified by us. This matter will require to be further investigated by us.

30 All other Securities covering investments of the Company have been inspected by us, or verified by certificates from Depositaries.

Sundry Accounts Receivable at September 30, 1924, include the following items:—

Exhibits.
—
D-52 and
D-52 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1924
—continued.

	Canadian Industrial Alcohol Co.:		
	Rent, etc., for three months ending September 30, 1924...	\$6,832.99	
	Office Furniture.....	360.13	
			<u>\$ 7,193.12</u>
	Consolidated Asbestos Limited:		
	Bond Expenses, 1923.....	61.44	
40	Rent, etc., for three months ending September 30, 1924...	3,470.98	
			<u>3,532.42</u>
	Directors' Fees accrued:		
	Canadian Industrial Alcohol Limited for September.....	\$ 125.00	
	Federal Asbestos Co. Limited for nine months ending September 30, 1924.....	225.00	
	Consolidated Asbestos Limited for nine months ending September 30, 1924.....	750.00	
			<u>1,100.00</u>

Exhibits. <hr style="width: 10%; margin-left: 0;"/> D-52 and D-52 (a). Balance Sheet, Annual Report and Accounts of Incor- porated Company, 30th Sept- ember 1924 —continued.	London Assurance Company Commission..... 59.21 O'Brien & Williams..... 678.35 J. B. Waddell..... 3,052.15 C. S. Donaldson Coal Company: Royalty, etc., Federal Coals Property..... 582.67 Davis Building Rentals accrued..... 800.00 <u>\$16,997.92</u>
---	--

10 We are informed that the securities which at September 30, 1923, were deposited in trust with the Montreal Trust Company have now been distributed and the trust dissolved, the conditions thereof having been complied with.

So far as we have been able to ascertain, all liabilities of the Company at September 30, 1924, have been taken up in the attached accounts, the "Sundry Accounts Payable" at that date consisting of the following amounts:—

20	Province of Quebec Capital Stock Tax for the year ending July 1, 1925, payable in advance..... \$5,030.00 Interest thereon from July 1, 1924, to September 30, 1924, at 5% per annum..... 62.87 <u>\$5,092.87</u>
	Meredith, Holden & Company, Legal Fees..... 840.28 Canada Office Furniture Co..... .50 Poullon & Poirer, September Account..... 597.35 Wm. Gregor, retainer for three months ending September 30, 1924..... 150.00 Bell Telephone Co., September Calls..... 289.20 30 Sundry Items..... 58.12 <u>\$7,028.32</u>

We shall be glad to furnish you with any further information that you may desire in regard to the accounts now submitted, and on the completion of our examination we will send you Certified Accounts at September 30, 1924.

Yours very truly,

40

PRICE, WATERHOUSE & CO.

Exhibits.
D-52 and
D-52 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1924
—continued.

DEFENDANTS' EXHIBIT D-52 (a)—1
SIR MORTIMER DAVIS, INCORPORATED

PRELIMINARY BALANCE SHEET
SEPTEMBER 30, 1924

ASSETS

INVESTMENTS IN STOCKS AND BONDS	
Capital Stock of Canadian Industrial Alcohol Co. Limited 252,942 shares at \$35.00 per share	\$8,852,970.00
Other Stocks and Bonds (Book Values)	1,766,162.27
	<u>\$10,619,132.27</u>
Properties (Book Values)	206,349.77
Loans and Interest Accrued Thereon (Book Values)	1,745,214.43
Life Insurance Policies (Book Values)	\$12,570,686.47
Bond Interest Receivable Accrued	318,686.50
Sundry Accounts Receivable	240.00
Office Furniture (Depreciated Book Value)	16,997.92
Cash in Bank	4,639.87
Cash Held in Trust in England by Union Bank of Canada against loan as per contra £188,988.15.3 at \$4.86%	202,418.95
	919,745.31
DEFERRED CHARGES:	
Taxes prepaid	\$ 5,958.90
Office Furniture and Fittings less proportion written off to date	19,826.41
	<u>25,785.31</u>
	\$14,059,210.33

DEFICIT ACCOUNT:	
Balance, September 30, 1923	\$1,713,593.85
Less: Profit for the year ending September 30, 1924, as per statement attached	691,211.50
	<u>1,022,382.35</u>

LIABILITIES

CAPITAL STOCK:	
Authorized—100,000 shares of \$100.00 each	\$10,000,000.00
Issued—82,500 Shares of \$100.00 each	\$8,250,000.00
Less: Paid off 32,500 Shares of \$100.00 each	3,250,000.00
	<u>\$5,000,000.00</u>
CAPITAL SURPLUS ARISING FROM RE-EVALUATION OF CAPITAL ASSETS:	
Less: Amount thereof distributed to Shareholders	\$4,338,799.85
	3,250,000.00
	<u>\$1,088,799.85</u>
TWENTY YEAR SIX PER CENT. SERIAL NOTES:	
Issued	\$5,000,000.00
Less: Redeemed	860,000.00
	<u>4,140,000.00</u>
MORTGAGE ON ST. JAMES STREET PROPERTY:	
	50,000.00
	<u>\$6,088,799.85</u>
UNION BANK OF CANADA:	
Loans (secured by cash for £188,988.15.3 held in trust in England as per contra and by deposit of collateral)	\$ 422,191.25
On General Account	1,611,980.35
On Special Account	<u>2,034,171.60</u>

AMOUNT DUE TO SHAREHOLDERS IN RESPECT OF PURCHASE OF CAPITAL STOCK:	
Sir Mortimer B. Davis	\$1,064,896.17
H. M. Marler & H. B. McLean in trust	162,500.00
J. B. Waddell	162,500.00
H. M. Marler	32,500.00
	<u>1,422,396.17</u>

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Interest accrued on 6% Serial Notes:	<u>143,000.00</u>
Sir Mortimer B. Davis	\$140,000.00
J. B. Waddell	58,900.00
H. M. Marler	92,500.00
	<u>1,208,800.00</u>
Interest accrued thereon to September 30, 1924	89,167.82
Bank and Mortgage Interest accrued	41,228.92
Sundry Accounts Payable	7,028.32
	<u>1,346,225.06</u>
	<u>\$15,081,592.68</u>

DEFENDANTS' EXHIBIT D-52 (a)—2

PRELIMINARY STATEMENT OF PROFIT & LOSS FOR THE YEAR
ENDING SEPTEMBER 30, 1924

Exhibits.
—
D-52 and
D-52 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1924
—continued.

	Income from Investment in Stocks and Bonds.....	\$642,869.93	
	Interest received and accrued:		
	On Loans.....	\$ 98,816.52	
	On Funds held in trust in England by the Union Bank of Canada—£2,329.C.1 at \$4.86 $\frac{2}{3}$	11,334.50	
10	Sundry.....	1,295.29	
			111,446.31
	Income from Insurance Agency.....		5,015.68
	Directors' Fees.....		8,383.32
	Revenue from Federal Coals Property less Supervision Expenses.....		3,594.99
			<u>\$771,310.23</u>
	DEDUCT: Taxes and Expenses on Properties owned by the Company in excess of rentals.....		3,892.92
			<u>\$767,417.31</u>
20	DEDUCT: General & Administration Expenses:		
	Salaries and Bonuses.....	\$ 47,554.42	
	Directors' Fees.....	4,000.00	
	Office Rent and Taxes.....	7,320.96	
	Province of Quebec Companies Tax.....	5,030.00	
	General Office Expense.....	3,197.25	
	Miscellaneous Expenses.....	1,317.48	
	Travelling Expenses.....	1,164.00	
	Legal Expenses.....	1,500.00	
	Donations.....	15,010.00	
			<u>86,094.11</u>
	DEDUCT:		
30	Interest paid and accrued:		\$681,323.20
	On Bank Loans and Overdrafts.....	\$118,677.13	
	On Mortgage Loan.....	3,500.00	
	On Other Loans.....	98.72	
	On 6% Serial Notes.....	248,490.00	
	On Instalments of Interest on 6% Serial Notes for year ending September 30, 1924.....	63,787.82	
	Depreciation of Office Furniture.....	518.99	
	Amortization of Office Fixtures and Fittings.....	1,166.25	
			<u>436,239.01</u>
			<u>\$245,084.19</u>
40	ADD: Profit on Investments.....		459,968.72
			<u>\$705,052.91</u>
	DEDUCT: Loss on Property sold.....	\$ 5,000.00	
	Canadian Exploration Syndicate Expenses.....	6,346.65	
	Crescent Lorrain Expenses.....	2,494.76	
			<u>13,841.41</u>
			<u><u>\$691,211.50</u></u>

DEFENDANTS' EXHIBITS D-53 and D-53 (a)

PRICE, WATERHOUSE & CO.

145 St. James Street
(Dominion Express Building)

Montreal, Nov. 12, 1925.

D-53 and
D-53 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1925.

10 To the President and Directors,
Sir Mortimer Davis, Incorporated,
Montreal, P.Q.

Dear Sirs:

In accordance with instructions we have made an examination of the Books and Accounts of Sir Mortimer Davis, Incorporated, for the year ending September 30, 1925, and have prepared and attach
20 hereto the following Financial Statements:—

- Exhibit A Balance Sheet September 30, 1925.
- “ B Statement of Profit & Loss for the year ending Sep-
tember 30, 1925.
- “ C List of Investments in Stocks and Bonds and Income
therefrom during the year.
- “ D List of Properties.
- 30 “ E List of Loans made by the Company and Income
therefrom during the year.
- “ F Particulars fo Insurance Policies on the life of Sir
Mortimer B. Davis, and cash surrender value there-
of.
- “ G Current Account of Sir Mortimer B. Davis showing
transactions during the year.
- 40 “ H Statement of Directors' and other Fees received
during the year by nominees of the Company and
turned over to the Company.

Stocks and Bonds owned by the Company are carried on the books at September 30, 1925, at a value of \$10,374,087.67 as compared with the book value of \$10,608,947.27 at September 30, 1924, the reduction of \$234,859.60 being made up as follows:—

Exhibits.
 —
 D-53 and
 D-53 (a).
 Balance
 Sheet,
 Annual
 Report and
 Accounts of
 Incor-
 porated
 Company,
 30th Sept-
 ember 1925
 —continued.

Net Sales of 8,440 Shares (Old Stock) of Canadian Industrial Alcohol Company Limited, carried on the books of the Company at a value of	\$295,400.00
Sale of Corby Distillery Co. Limited Bonds	4,000.00
	<u>\$299,400.00</u>

DEDUCT:

10	Net Purchases of 671 No Par Value Shares (New Stock) of Canadian Industrial Alcohol Company Limited, carried on the books of the Company at a value of \$17.50 per share	\$11,742.50
	Net Purchases of 443 shares of Union Bank of Canada at a cost of	44,955.90
	Mason Valley Mines Company shares totalling 5,028, received in connection with the liquidation of direct advances to Bluestone Mining & Smelting Co. Limited, at the valuation placed thereon of	7,842.00
		<u>64,540.40</u>
		<u>\$234,859.60</u>

20 An amount of \$47,342.26 has been credited to Profit & Loss Account in respect of the foregoing transactions in the Capital Stock of the Canadian Industrial Alcohol Company Limited, made up as under:—

Proceeds from sale of 8,440 shares (old stock) in excess of book value	\$50,459.52
Less: Purchase price of 671 shares (new stock) in excess of book value	3,117.26
	<u>\$47,342.26</u>

30 Securities representing the Company's Investments in Stocks and Bonds at September 30, 1925, as enumerated in Exhibit C have been produced for our inspection or verified by certificates from Depositories.

No adjustments were made as at September 30, 1925, to bring the book values of the Companies Investments in Stocks and Bonds into line with the market values thereof at that date.

The book value of the Company's properties was reduced during the year by \$44,811.21 as under:—

40 Deductions:

Amount realized from sale of Company's Interest in Murray Property Syndicate	\$10,322.10
Amounts written off to Profit & Loss Account:	
Book value of Interest in Murray Property Syndicate in excess of sale price	\$10,677.90
Alberta Coals Property option	25,000.00
	<u>35,677.90</u>
	<u>\$46,000.00</u>

Additions:

Federal Coals Property—Reconstruction of Mine Tipper, destroyed by fire.....	1,188.79
Net decrease.....	<u>\$44,811.21</u>

Loans made by the Company and interest accrued thereon, together with collateral securities held by the Company are detailed on Exhibit E.

10

On the instructions of the Vice-President of the Company the following loan amounts have been charged to Profit & Loss Account:

Loss on advances to Bluestone Mining & Smelting Company.....	\$ 17,703.90
Loss on purchase of De Lamar Estate Notes.....	222,211.40
	<u>\$239,915.30</u>

The Bluestone Mining & Smelting Company Limited went into liquidation during the year, and its properties were by agreement sold to the Mason Valley Mines Company Limited for a consideration of 186,567 shares of \$5.00 each of the Capital Stock of that Company. These shares were distributed among the creditors as under:—

Dominion Reduction Co. Limited.....	176,086
Sir Mortimer B. Davis.....	1,496
D. M. Steindler, Estate.....	3,757
American Smelting & Refining Co.....	1,549
Sir Mortimer Davis, Incorporated.....	2,429
30 Shares issued to Bluestone Mining & Smelting Company, endorsed in blank and held by Sir Mortimer Davis, Inc., as collateral security for an advance of \$1,500.00.....	1,250
	<u>186,567</u>

Exhibits.

D-53 and
D-53 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incorporated
Company,
30th September 1925
—continued.

The 176,086 shares of Mason Valley Mines Company Limited allotted to the Dominion Reduction Company Limited have been transferred to your Company as collateral to the advance of \$826,000.00 made by it, and the certificate for the 1,499 shares allotted to Sir Mortimer Davis has been endorsed by him in blank and turned over to your Company for the same purpose. We are also informed that the 3,757 shares allotted to D. M. Steindler Estate are held by the Estate, and that your Company holds an interest therein as additional collateral to the Dominion Reduction Company Limited advances. In order to facilitate the liquidation of the Bluestone Mining & Smelting Company Limited, our Company paid the claim of the American Smelting & Refining Company amounting to

40

Exhibits.
 —
 D-53 and
 D-53 (a).
 Balance
 Sheet,
 Annual
 Report and
 Accounts of
 Incorporated
 Company,
 30th Sept-
 ember 1925
 —continued.

\$9,423.25 in full, and the 1,549 shares allotted to that Company are now held for your Company's account by Mr. H. Poillon.

The loss on advances to the Bluestone Mining & Smelting Company Limited amounting to \$17,703.90 is made up as under:—

10	Advance secured by 1,250 shares of Mason Valley Mines Company Limited	\$ 1,500.00
	Unsecured advances on which the Company received an allotment of 2,429 shares of Mason Valley Mines Company Limited	14,000.00
	Cash paid in settlement of claim of American Smelting & Refining Company Limited:	
	1,549 shares of Mason Valley Mines Company Limited allotted to that Company awaiting transfer to your Company	9,423.25
	Stock transfer fees and clerical services in connection with the liquidation paid by your Company	622.65
	Deduct: 5,228 shares of Mason Valley Mines Company Limited allotted to or held on behalf of your Company as above at the value of \$1.50 per share placed thereon by the Vice-President of your Company	7,842.00
		\$17,703.90

20

By the purchase of the De Lamar Estate Notes at a cost of \$221,919.87 the Company acquired two notes signed by the Dominion Reduction Company Limited and collateral security held by the De Lamar Estate consisting of 45,004 shares of the Capital Stock of the Bluestone Mining & Smelting Company Limited. We are informed, however, that the Dominion Reduction Company Limited will shortly be put into liquidation and that the notes signed by them have no value, while the collateral security of 45,004 shares of the Bluestone Mining & Smelting Company Limited is now valueless.

30 The cost of the De Lamar Notes and legal expenses connected therewith amounting in all to \$222,211.40 has therefore been written off to Profit & Loss Account.

Particulars of Insurance Policies on the life of Sir Mortimer B. Davis are shown on Exhibit F attached hereto and it will be seen therefrom that the policies carried on the books at a value of \$361,510.56 have a surrender value of \$374,488.20.

40 The Sundry Accounts Receivable at September 30, 1295, were as follows:—

Canadian Industrial Alcohol Co. Limited:		
Proportion of Rent, Taxes and Salaries		\$27,087.17
Consolidated Asbestos Limited:		
Proportion of Rent, Taxes and Salaries	\$13,633.64	
Expensés of H. Poillon to France on Asbestos Merger	1,149.00	
Expenses of H. Poillon re Asbestos Publicity Campaign	756.28	
		15,538.92

Directors' Fees accrued:	
Canadian Industrial Alcohol Co. Limited for September.....	83.34
C. S. Donaldson Coal Company, Royalty, etc., Federal Coals Property.....	581.46
Davis Building Rentals—Balance due on H. Dandurant Note of \$200.00.....	80.00
	<u>\$43,370.89</u>

10 The Bank Balances at September 30, 1925, have been verified by certificates received direct from the Company's Bankers.

The liabilities of the Company include an amount of \$172,250.00 carried at the credit of H. M. Marler and H. B. McLean in Trust, and which is made up of amount payable in respect of purchase of Capital Stock..... \$162,500.00
Interest thereon at 6% for one year..... 9,750.00

20 A total of..... \$172,250.00

We understand that the beneficiary under the Trust does not wish to participate in the distribution of this amount of \$172,250.00, and under these circumstances it would seem that any steps that may be necessary should now be taken to have this amount transferred to the credit of Sir Mortimer B. Davis.

30 So far as we have been able to ascertain, all known liabilities of the Company at September 30, 1925, have been taken up on the books at that date. "Sundry Accounts Payable" consist of the following items:—

Exhibits. <hr/> D-53 and D-53 (a). Balance Sheet, Annual Report and Accounts of Incorporated Company, 30th Sept- ember 1925 —continued.	Taxes:		
	City of Montreal.....	\$3,029.32	
	Municipality of Humphrey.....	19.86	
	Townships of Neclon and Garson.....	106.58	
		<u>\$3,155.76</u>	
	Salary of H. Poillon for September.....		416.67
	Wm. McGregor retainer for five months ending September 30, 1925.....		250.00
	40 Donations payable September 30, 1925:		
	Jewish Philanthropies.....	\$2,500.00	
	Financial Federation.....	625.00	
		<u>3,125.00</u>	
	Bell Telephone Co. September calls.....		72.25
	Canada Cement Co. " light.....		43.51
Canadian Pacific Rly. Co., Sept. Telegrams.....		32.05	

Exhibits.
—
D-53 and
D-53 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1925
—continued.

J. B. Waddell.....	151.15
H. M. Marler.....	154.93
	<hr/>
	<u>\$7,401.32</u>

We shall be glad to furnish you with any further information in regard to our audit that you may desire.

Yours very truly,

PRICE, WATERHOUSE & Co.

10

20

30

40

Exhibits.
D-53 and
D-53 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1925
—continued.

DEFENDANTS' EXHIBITS D-53 and D-53 (a)
(EXHIBIT "A")

SIR MORTIMER DAVIS, INCORPORATED

BALANCE SHEET SEPTEMBER 30, 1925

ASSETS

INVESTMENTS IN STOCKS AND BONDS (Exhibit C):
Capital Stock of the Canadian Industrial Alcohol Com-
pany Limited—489,093 shares at \$17.50 per share.....
Other Stocks and Bonds.....

\$10,374,087.67
161,538.56
1,566,450.65
\$12,102,076.88
361,510.56
1,650.00
43,370.89
4,175.89
674.47
\$ 2,156.43
18,660.16
20,816.59

DEFICIT ACCOUNT:
Balance, September 30, 1924.....
Add: Loss for the year ending September 30, 1925 as
per statement attached (Exhibit B).....

1,071,680.10

LIABILITIES

CAPITAL STOCK:
Authorized—67,500 Shares of \$100.00 each.....
Issued—50,000 Shares of \$100.00 each.....
CAPITAL SURPLUS ARISING FROM REVALUATION OF CAPITAL ASSETS.....

TWENTY YEAR SIX PER CENT SERIAL NOTES ISSUED.....
Less: Redeemed.....

MORTGAGE ON ST. JAMES STREET PROPERTY.....
CANADIAN BANK OF COMMERCE:
Loan (secured by deposit of Collateral).....
Overdraft on Current Account.....

AMOUNTS DUE TO SHAREHOLDERS IN RESPECT OF PURCHASE
of Capital Stock and Interest thereon (H. M.
Marler and H. B. MacLean in trust).....

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:
Interest accrued on 6% Serial Notes:
Sir Mortimer B. Davis.....
Less: Balance on Cur-
rent Account (Exhi-
bit G).....

J. B. Waddell.....
H. M. Marler.....

Interest accrued thereon to September 30, 1925.....
Bank and Mortgage Interest accrued.....
O'Brien & Williams.....
Sundry Accounts Payable.....

1,546,373.13

\$13,605,956.28

CONTINGENT LIABILITIES:

Guarantees to Canadian Bank of Commerce in respect of Advances to
Consolidated Asbestos Limited and Federal Asbestos Company to
extent of.....

\$13,605,956.28

\$725,000.00

DEFENDANTS' EXHIBITS D-53 and D-53 (a)
(EXHIBIT "B")

SIR MORTIMER DAVIS, INCORPORATED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING
SEPTEMBER 30, 1925

Exhibits.
—
D-53 and
D-53 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1925
—continued.

	Income from Investments in Stocks & Bonds (Exhibit C).....	\$645,680.55	
10	Interest received and accrued:		
	On Loans (Exhibit E).....	\$ 62,672.79	
	On Funds held in Trust in England by the Union Bank of Canada, £1,264.1.1 at \$4.86 $\frac{2}{3}$	6,151.72	
			68,824.51
	Income from Insurance Agency.....		2,140.22
	Directors' Fees (Exhibit H).....	\$ 1,041.68	
	Fee for services rendered to the Consolidated Distilleries Limited.....	25,000.00	
			26,041.68
	Revenue from Federal Coals Property, less Supervision expenses.....		7,127.52
20	Income applicable to previous year (net).....		250.00
			<u>750,064.48</u>
	DEDUCT: Taxes and Expenses on Properties owned by the Company in excess of rentals.....		2,962.10
			<u>747,102.38</u>
	DEDUCT: General & Administration Expenses:		
	Salaries and Bonuses.....	\$ 42,552.77	
	Office Rent and Taxes.....	5,574.49	
	Province of Quebec Companies Tax 1925.....	130.00	
30	General Office Expense.....	3,940.14	
	Travelling Expenses.....	226.87	
	Legal Expenses.....	4,974.17	
	Donations.....	27,500.00	
			84,898.44
			<u>662,203.94</u>
	DEDUCT: Interest paid and accrued:		
	On Bank Loans and Overdrafts.....	\$111,136.36	
	On Mortgage Loan.....	3,500.00	
	On Other Loans.....	19,813.57	
	On 6% Serial Notes.....	248,400.00	
40	On Instalments of Interest on 6% Serial Notes for year ending September 30, 1925.....	82,772.24	
	Depreciation of Office Furniture.....	463.98	
	Amortization of Office Fixtures and Fittings.....	1,166.25	
			467,252.40
			<u>\$194,951.54</u>
	ADD: Profit on Investments.....		47,342.26
			<u>\$242,293.80</u>

Exhibits.
D-53 and
D-53 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1925
—continued.

	DEDUCT:		
	Loss on Sale Murray Property.....	\$ 10,677.90	
	Alberta Coals Property Option written off.....	25,000.00	
	Loss on advances to Bluestone Mining & Smelting Company Limited.....	17,703.90	
	Loss on purchase of De Lamar Estate Notes.....	222,211.40	
	Loss on Sterling Exchange.....	22,264.67	
	Canadian Exploration Syndicate Expense.....	142.83	
	Supplementary Letters Patent.....	800.00	
10		<hr/>	298,800.70
			<hr/> <u>\$ 56,506.90</u>

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Exhibits.

**D-53 and
D-53 (a).
Balance
Sheet,
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Accounts of
Incor-
porated
Company,
30th Sept-
ember 1925
—*continued.***

DEFENDANTS' EXHIBITS D-53 and D-53 (a)
(EXHIBIT "C")

SIR MORTIMER DAVIS, INCORPORATED

INVESTMENTS IN STOCKS AND BONDS

	Balance September 30, 1924		Purchased during year		Exchanged during year		Sold during year		Loss or Gain on Sales	Balance September 30, 1925		Income for year ending Sept. 30, 1925
	No. of Shares	Book Value	No. of Shares	Cost	No. of Shares	Book Value	No. of Shares	Sale Price		No. of Shares	Par Value		Book Value
Stocks:												
Canadian Industrial Alcohol Company Limited..... Old Com.	252,651	\$6,316,275.00	10,626	\$459,221.10	244,211	\$8,547,385.00	19,066	\$805,080.62	\$50,459.52	489,093	No par value	624,987.55
Canadian Industrial Alcohol Company Limited..... New Com.			12,870	243,533.37	488,422	8,547,385.00	12,199	228,673.61	3,117.26	37,185	\$3,718,500.00	
Consolidated Asbestos Limited..... Common	37,185	3,718,500.00								9,000	9,000.00	1.00
Croesus Gold Mines Limited..... Common	9,000	9,000.00								635,302	635,302.00	1.00
Dominion Reduction Co. Limited..... Common	635,302	635,302.00								6,000	25,000.00	
Imperial Tobacco Co. of Canada Ltd..... Common	5,000	25,000.00								107	No par value	2,125.00
National Steel Car Corporation..... Common	107	31,187.20								4,000	100,000.00	
Trans-Canada Theatres Limited..... Pref.	4,000	4,591.00								2,400	60,000.00	
Trans-Canada Theatres Limited..... Bonus Com.	2,400	1.00								1,403	140,300.00	
Union Bank of Canada.....	1,403	140,300.00	453	46,019.90	1,846	185,255.90	10	1,064.00		923	92,300.00	14,728.00
Royal Bank of Canada.....					923	185,255.90				50	5,000.00	300.00
Crown Trust Company.....	50	5,000.00								852	85,200.00	
General Cigars Company Limited..... Pref.	852	85,200.00								6,422	642,200.00	
General Cigars Company Limited..... Common	6,422	642,200.00								5,000	24,333.33	
Harbens Limited, Artificial Silk..... Pref.	5,000	24,333.33								499,950	499,950.00	
Crescent Lorraine Silver Mining Co.....	499,950	499,950.00	5,228	7,842.00						5,228	21,567.74	
Mason Valley Mines Company.....											7,842.00	
				\$10,549,947.27		\$756,616.37		\$1,034,818.23	\$47,342.26		\$10,319,087.67	642,140.55
Bonds:												
Jacobs Asbestos Mining Co. Limited.....		55,000.00									55,000.00	3,300.00
Corby Distillery Company Limited.....		4,000.00						4,000.00				240.00
				\$10,608,947.27		\$756,616.37		11,088,818.23	\$47,342.26		\$10,374,087.67	\$645,680.55

Securities included above deposited with the Canadian Bank of Commerce as collateral:
Demand Loan for \$1,600,000.00 160,000 Shares Canadian Industrial Alcohol Company Limited.
\$55,000 Bonds Jacobs Asbestos Mining Company Limited.

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DEFENDANTS' EXHIBITS D-53 and D-53 (a)
(EXHIBIT "D")

Exhibits.
—
D-53 and
D-53 (a).
Balance
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Annual
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Incor-
porated
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30th Sept-
ember 1925
—continued.

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SIR MORTIMER DAVIS, INCORPORATED

PROPERTIES—SEPTEMBER 30, 1925

	Book Value Sep. 30, 1924	Additions or <i>Deductions</i>	Amounts Written off	Book Value Sept. 30, 1925
Murray Property Syndicate . . .	\$ 21,000.00	(<i>Sale price</i>) \$10,322.10	\$10,677.90	
Notre Dame de Grace Property	20,793.60			20,793.60
North Shore Property	15,000.00			15,000.00
St. James Street Property	115,744.96			115,744.96
Federal Coals Property	8,811.21	1,188.79		10,000.00
Alberta Coal Properties	25,000.00		25,000.00	
	<u>\$206,349.77</u>	<u>\$ 9,133.31</u>	<u>\$35,677.90</u>	<u>\$161,538.56</u>

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Exhibits.
 D-53 and
 D-53 (a).
 Balance
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 Incorporated
 Company,
 30th Sept-
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 —continued.

DEFENDANTS' EXHIBITS D-53 and D-53 (a)
 (EXHIBIT "E")

SIR MORTIMER DAVIS, INCORPORATED

LOANS, SEPTEMBER 30, 1925

	Amount of Loan	Interest Accrued	Total	Income for Year	Remarks
Dominion Reduction Company Limited:					
Cash Advances.....	\$ 826,000.00	\$231,516.45	\$1,057,516.45	\$ 57,890.00	Security held: Notes of Dominion Reduction Company Limited for \$826,000.00. 177,582 Shares of \$5.00 each of the Capital Stock of Mason Valley Mines Company. On Interest in the Estate of the late D. M. Steindler (Value not yet known). Hypothec on certain properties situated in the City of Montreal to the extent of \$271,500.00.
Cash Advances—Rigaud Granite.....	2,276.18		2,276.18		
Consolidated Asbestos Limited.....	1,000,000.00	77,243.95	1,077,243.95	62,582.02	Security held: Demand notes of Consolidated Asbestos Limited for \$1,000,000.00. Note of Samuel Davis. Note of Mortimer B. Davis, Jr.
Samuel Davis.....	2,000.00	9.53	2,009.53	9.53	
Mortimer B. Davis, Jr.....	419.95	1.04	420.99	11.24	
	<u>\$1,830,696.13</u>	<u>\$308,770.97</u>	<u>\$2,139,467.10</u>	<u>\$120,492.79</u>	
Deduct: Reserve against Loan and Interest, Dominion Reduction Company Limited..	341,500.00	231,516.45	573,016.45	57,820.00	
	<u>\$1,489,196.13</u>	<u>\$ 77,254.52</u>	<u>\$1,566,450.65</u>	<u>\$ 62,672.79</u>	

Exhibits.
D-53 and
D-53 (a).
Balance
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porated
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DEFENDANTS' EXHIBITS D-53 and D-53 (a)
(EXHIBIT "F")

SIR MORTIMER DAVIS, INCORPORATED

PARTICULARS OF LIFE INSURANCE POLICIES

Policy Number	COMPANY	Amount of Insurance	Yearly Premium	Premiums Payable	Date of Insurance	Maturity Date	Number of Annual Premiums Paid	Surrender Value
313421	Guardian Insurance Co. of New York	\$ 50,000.00	5,483.00	June	June 6, 1917	June 6, 1927	9	\$ 43,793.50
412429	Travellers Insurance Co. of Hartford	75,000.00	2,886.75	June	June 4, 1927	Death	9	15,750.00
2252362	Equitable Life Assurance Society of the United States	45,000.00	3,022.20	June	June 4, 1917	Death	9	11,430.00
6151437	New York Life Insurance Company	100,000.00	11,634.00	May	May 29, 1927	May 29, 1927	9	87,500.00
2402782	Prudential Insurance Co. of America	100,000.00	9,739.00	June	June 8, 1917	June 8, 1927	9	85,800.00
183673	Manhattan Life Insurance Co. of New York	5,000.00	210.40	June	June 20, 1917	Death	9	1,085.00
2430461	Mutual Life Insurance Co. of New York	10,000.00	787.20	July	July 23, 1917	July 23, 1932	9	5,198.70
275886	Fidelity Mutual Life Insurance Company, Philadelphia	55,000.00	6,175.40	August	August 5, 1917	August 5, 1927	9	47,630.00
804942	Pennsylvania Mutual Life Insurance Co., Philadelphia	50,000.00	5,575.00	June	June 5, 1917	June 5, 1927	9	43,881.00
129615	Security Mutual Life Insurance Company	10,000.00	1,096.60	June	June 14, 1917	June 14, 1927	9	8,720.00
92386	North American Life Assurance Company	15,000.00	1,670.25	June	June 20, 1917	June 20, 1927	9	12,450.00
486064	Aetna Life Insurance Company of Hartford	50,000.00	2,462.50	June	June 6, 1917	Death	9	11,250.00
		\$565,000.00	\$50,742.30					\$374,488.20

Carried on the Books of the Company at September 30, 1925 at a value of..... **\$361,510.56**

DEFENDANTS' EXHIBITS D-53 and D-53 (a)
(EXHIBIT "G")

SIR MORTIMER DAVIS, INCORPORATED

SIR MORTIMER DAVIS PERSONAL ACCOUNT
SEPTEMBER 30, 1925

Exhibits.
D-53 and
D-53 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1925
—continued.

1924			Balance	Interest at 6%
10	Oct. 1	By Balance.....	\$1,051,423.67	\$
		Reversing 320 shares Lady Davis.....	£9,056.00	
		Reversing 108 shares Lady Coats.....	3,110.40 £12,166.40	1,063,590.07 699.30
	" 4	A. Nathan.....	89.24	
		Mrs. E. O'Grady.....	80.00 169.24	1,063,420.83 1,748.05
	" 14	Withdrawal.....	400,000.00	
		H. Poillion, expenses to France.....	1,367.20 401,367.20	662,053.63 217.68
	" 16	Mrs. M. D. Cowan.....	400.00	661,653.63 217.55
	" 13	M. E. Davis.....	250.00	661,403.63 1,304.68
	" 30	Transfer £24,000. to London.....	108,602.75	552,800.88 90.88
	" 31	Income Tax.....	42,971.56	509,829.32 83.82
	Nov. 1	A. Nathan.....	89.24	509,740.08 251.40
	" 4	Mrs. E. O'Grady.....	100.00	
20		Mrs. Sam Davis.....	248.33	
	"	Mrs. M. E. Davis.....	600.00	
		M. H. Davis.....	600.60 1,548.93	508,191.15 2,255.55
	Dec. 1	Mrs. S. Davis.....	248.34	
		Mrs. M. D. Cowan.....	400.00	
		M. H. Davis.....	600.75	
		Mrs. M. E. Davis.....	600.00	
		M. E. Davis.....	250.00 2,099.09	506,092.06 166.40
	" 3	A. Nathan.....	111.55	505,980.51 249.55
	" 6	Mrs. E. O'Grady.....	80.00	
		Cash from O'Brien & Williams.....	45,000.00 44,920.00	550,900.51 181.14
	" 8	Withdrawal H. M. Marler Trust.....	300,000.00	250,900.51 82.50
30	" 10	Artificial Silk Company (representing cash paid by company for balance of subscription to capital stock of Har- bens Ltd.).....	11,593.75	239,306.76 39.34
	" 11	Harry Altner.....	300.00	239,006.76 432.16
	" 22	2,000 shares C. I. A. Mortimer Davis, Jr.....	39,000.00	200,006.76 32.88
	" 23	Mrs. M. D. Cowan.....	400.00	
		M. E. Davis.....	250.00 650.00	199,356.76 360.47
	Jan. 3	A. Nathan.....	111.55	
		Mrs. E. O'Grady.....	100.00	
		Mrs. M. E. Davis.....	600.00	
		H. M. Davis.....	603.00	
		Mrs. S. Davis.....	243.33 1,662.88	197,693.88 65.00
40	" 5	Withdrawal H. M. Marler Trust.....	100,000.00	97,693.88 369.38
	" 27	Withdrawal 5,500.....	26,449.87	
		Mrs. M. D. Cowan.....	400.00 26,849.87	70,844.01 58.23
	Feb. 2	Mrs. S. Davis.....	\$ 248.33	
		M. E. Davis.....	250.00	
		Mrs. M. E. Davis.....	600.00	
		M. H. Davis.....	601.12	
		Withdrawal—800,000 Francs.....	43,610.00 \$45,309.45	25,534.56 20.99
	" 7	A. Nathan.....	89.24	
		Mrs. E. O'Grady.....	80.00 169.24	25,365.32 80.88
	" 24	M. H. Davis.....	601.13	24,764.19 24.41

DEFENDANTS' EXHIBIT D-53 and D-53 (a)—“G”—Continued

SIR MORTIMER DAVIS, INCORPORATED

SIR MORTIMER DAVIS PERSONAL ACCOUNT

SEPTEMBER 30, 1925

1924				Balance	Interest at 6%
Mar. 2	Mrs. M. D. Cowan.....	400.00			
	M. E. Davis.....	250.00			
	Mrs. M. E. Davis.....	600.00			
	Mrs. S. Davis.....	248.33	1,498.33	23,265.86	15.29
10	“ 6 Wolfe Adv. Co. Interest.....		750.00	24,015.86	3.95
	“ 7 A. Nathan.....	89.24			
	Mrs. E. O'Grady.....	80.00	169.24	23,846.62	101.92
Apr. 2	M. H. Davis.....	601.12			
	Mrs. M. D. Cowan.....	400.00			
	M. E. Davis.....	250.00			
	Mrs. M. E. Davis.....	600.00			
	Mrs. S. Davis.....	248.33	2,099.45	21,747.17	7.15
“ 4	A. Nathan.....	89.24			
	Mrs. E. O'Grady.....	80.00	169.24	21,577.93	56.76
				<u>\$2,207.31</u>	
20	“ 20 Withdrawal.....		31,100.00	9,522.07	14.08
	29 Mrs. S. Davis.....	248.33			
	Mrs. M. E. Davis.....	600.00			
	Mrs. M. D. Cowan.....	400.00			
	M. E. Davis.....	250.00			
	M. H. Davis.....	600.75			
	First payment Income Tax.....	9,500.00	11,599.08	21,121.15	10.42
May 2	A. Nathan.....	111.55			
	Mrs. E. O'Grady.....	100.00	211.55	21,332.70	87.65
“ 27	Mrs. M. D. Cowan.....	400.00			
	Mrs. S. Davis.....	248.33			
	M. H. Davis.....	600.40			
	Mrs. M. E. Davis.....	600.00			
	M. E. Davis.....	250.00	2,098.73	23,431.43	38.52
30	June 6 A. Nathan.....	89.24			
	Mrs. E. O'Grady.....	80.00			
	M. B. Davis, Jr., Life Insurance pre- mium.....	4,153.80	4,323.04	27,754.47	77.55
	“ 23 Interest on 1922 Income Tax.....		947.27	28,701.74	28.31
	“ 29 Mrs. M. D. Cowan.....	400.00			
	M. H. Davis.....	600.40			
	Mrs. S. Davis.....	248.33			
	M. E. Davis.....	250.00			
	Mrs. M. E. Davis.....	600.00			
	Second payment Income Tax.....	9,563.17			
	Interest on 1923 Taxes.....	387.04	12,048.94	40,750.68	20.10
July 2	Transfer 1,050,000 Francs.....		48,471.96	89,222.64	58.66
40	“ 6 A. Nathan.....	89.24			
	Mrs. E. O'Grady.....	80.00	169.24	89,391.88	102.87
“ 13	Insurance on Lady Davis Jewellery.....		2,439.01	91,830.98	135.84
“ 22	M. H. Davis.....	800.00			
	Mrs. B. Davis.....	248.33			
	Mrs. M. D. Cowan.....	400.00			
	M. E. Davis.....	250.00			
	Mrs. M. E. Davis.....	600.00			
	Studebaker Corporation.....	2,290.00	4,588.33	96,419.31	126.80
“ 30	A. Nathan.....	111.55			
	Mrs. E. O'Grady.....	100.00	211.55	96,630.86	63.53

Exhibits.
D-53 and
D-53 (a).
Balance
Sheet,
Annual
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porated
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DEFENDANTS' EXHIBIT D-53 and D-53 (a)—“G”—Continued

Exhibits.

D-53 and
D-53 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1925
—continued.

SIR MORTIMER DAVIS, INCORPORATED

SIR MORTIMER DAVIS PERSONAL ACCOUNT
SEPTEMBER 30, 1925

1924			Balance	Interest at 6%
Aug. 3	Union Bank of Canada	223,782.93	320,413.79	52.68
" 4	Cash	220,000.00	100,413.79	165.06
10 " 14	M. H. Davis	800.00	101,213.79	149.74
" 23	Wolfe Adv. Co. Interest	750.00	100,463.79	66.05
" 27	Wolfe Adv. Company	50,000.00	150,463.79	24.74
" 28	Third payment Income Tax	9,659.65	160,123.44	26.32
" 29	Mrs. M. E. Davis	600.00		
	M. E. Davis	250.00		
	Mrs. M. D. Cowan	400.00		
	Mrs. B. Davis	248.33	1,498.33	53.14
" 31	M. B. Davis, Jr., Salary	200.00	161,821.77	132.99
Sept. 5	A. Nathan	89.24		
	Mrs. E. O'Grady	80.00	161,991.01	452.67
" 22	M. H. Davis	800.50	162,791.51	187.32
" 29	Mrs. M. D. Cowan	400.00		
	M. E. Davis	250.00		
20 " 29	Mrs. M. E. Davis	600.00		
	Mrs. S. Davis	248.33	1,498.33	27.01
" 30	Pierre Preferred—70 Shares \$15.00	1,050.00	165,339.84	2,102.05
" 30	By Interest net	7,105.26	158,234.58	\$7,105.26
				<u>Net</u>

DEFENDANTS' EXHIBITS D-53 and D-53 (a)
(EXHIBIT "H")

SIR MORTIMER DAVIS, INCORPORATED

30 DIRECTORS' FEES RECEIVED AND TURNED OVER BY NOMINEES
OF THE COMPANY DURING THE YEAR ENDING
SEPTEMBER 30, 1925

Canadian Industrial Alcohol Company Limited:			
	J. B. Waddell	\$500.00	
	Lord Shaughnessy	\$500.00	
	do Month of September, 1924	41.68	
		<u>541.68</u>	\$1,041.68

40	Canadian Industrial Alcohol Company Limited:		
	Cheques in favour of J. B. Waddell for services rendered by the various officers of Sir Mortimer Davis Incorporated in connection with the Consolidated Distillers Limited		25,000.00
			<u>\$26,041.68</u>

DEFENDANTS' EXHIBIT D-54 and D-54 (a)

PRICE, WATERHOUSE & CO.

145 St. James Street
(Dominion Express Building)

Montreal, November 15, 1926.

Exhibits.
D-54 and
D-54 (a).
Balance
Sheet,
Annual
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Accounts of
Incor-
porated
Company,
30th Sept-
ember 1926.

10 To the President and Directors,
Sir Mortimer Davis, Incorporated,
Montreal, P.Q.

Dear Sirs:

In accordance with instructions we have made an examination of the books and accounts of Sir Mortimer Davis Incorporated for the year ending September 30, 1926, and have prepared and attach hereto the following Financial Statements:—

- 20 Exhibit A Balance Sheet September 30, 1926.
“ B Statement of Profit and Loss for the year ending
September 30, 1926.
“ C List of Investments in Stocks and income therefrom
during the year.
“ D List of Properties.
“ E List of Loans made by the Company and Income
therefrom during the year.
“ F Particulars of Insurance Policies on the life of Sir
Mortimer B. Davis and cash surrender value thereof.

30

In connection with these Accounts and Statements we would make the following remarks:

Stocks of other Companies owned by your Company are carried on the books at September 30, 1926, at a value of \$10,177,674.55 which compares with a book value of Stocks and Bonds at September 30, 1925, of \$10,374,087.67, the difference of \$196,413.12 being made up as follows:

40	Net Sales of 14,142 Shares of Canadian Industrial Alcohol Company Limited, carried on the books of the Company at a value of	\$247,485.00
	Redemption of Bonds of Jacobs Asbestos Mining Company Limited of a book value of	55,000.00
		<hr/>
		\$302,485.00
	DEDUCT: Purchases of 5,000 No Par Value Shares of Asbestos Corporation Limited at a cost of	106,071.88
		<hr/>
		<u>\$196,413.12</u>

An amount of \$13,694.77 has been credited to Profit & Loss in respect of profits on sales of Investments made up as under:

Exhibits. <hr style="width: 50px; margin-left: 0;"/> D-54 and D-54 (a). Balance Sheet, Annual Report and Accounts of Incorporated Company, 30th Sept- ember 1926 —continued.	10	Canadian Industrial Alcohol Co. Limited: Proceeds from net sales of 14,142 shares in excess of book values . . . \$ 1,364.44 General Trading Profits 6,830.33 <hr style="width: 100%; margin-left: 0;"/> \$ 8,194.77 Jacobs Asbestos Mining Company Limited: Bonds of a par and book value of \$55,000.00 redeemed at a premium of 10% 5,500.00 <hr style="width: 100%; margin-left: 0;"/> <u>\$13,694.77</u>
--	----	--

20 Securities representing the Company's Investments in Stocks at September 30, 1926, as enumerated on Exhibit C have been produced for our inspection or verified by certificates from Depositories with the exception of 5,000 shares of £1.0.0 each of the Preferred Stock of Harbens Limited. According to the information furnished to us Share Certificates covering this investment have not yet been received and we understand that the Secretary of your Company is communicating with Harbens Limited in regard thereto.

The investments of the Company are carried at arbitrary book values placed thereon two years ago which bear no relation to their present values, but since the appreciation in the values of certain stocks is considerably in excess of the depreciation in value of other investments, no adjustments have been made at September 30, 1926, to bring the book values of the Company's investments in Stocks into line with the market values thereof at that date.

30 The book value of the Company's properties was reduced during the year by \$1,748.25 representing the net amount received in connection with the expropriation for street purposes of a part of your Notre Dame de Grace property.

40 Loans made by the Company and interest earned thereon, together with collateral securities held by the Company, are detailed on Exhibit E. We understand that the notes and shares of the Dominion Reduction Company Limited have no market value, and that the eventual collection of the loan is dependent upon the amount which can be realized from the 177,582 shares of Mason Valley Mines Company and the ten shares of D. M. Steindler Holding Company Incorporated.

Particulars of Insurance Policies on the life of Sir Mortimer B. Davis are shown on Exhibit F attached hereto, from which it will be seen that the policies carried on the books at September 30, 1926, at a value of \$403,441.99 had a surrender value of \$430,313.50. Policies aggregating \$380,000.00 mature during the year 1927.

The Sundry Accounts Receivable at September 30, 1926, may be summarised as under:—

Due by Sub-tenants of 9th Floor Canada Cement Building for Rent, Taxes, etc.:		
	Canadian Industrial Alcohol Co. Limited.....	\$3,936.86
	J. M. Douglas Co. Limited.....	206.65
	St. Hyacinthe Distillery Co. Limited.....	233.07
	Robert Howard Co.....	175.20
	Campbel Elwell Co.....	110.57
	Consolidated Asbestos Limited (Phone).....	14.30
	Royalties Federal Coals Property:	
	C. S. Donaldson Co., August & Sept., 1926.....	1,193.43
10	Directors' Fees, Accrued:	
	Canadian Industrial Alcohol Co.....	\$ 41.68
	Consolidated Asbestos Corp.....	375.00
		<hr/>
		416.68
	Sundries.....	.83
		<hr/>
		<u>\$6,287.59</u>

We are informed that Sir Mortimer B. Davis has been furnished with monthly detailed statements of his Current Account with the Company and your Secretary has been requested to obtain a certificate covering the amount of \$406,031.68 shown on Exhibit A.

20 The bank overdraft at September 30, 1926, has been verified by a certificate received direct from the Company's bankers.

So far as we have been able to ascertain all known liabilities of the Company at September 30, 1926, have been taken up on the books at that date. Sundry Accounts Payable consist of the following items:

Donations payable September 30, 1926:		
	Federation Jewish Philanthropies.....	\$2,500.00
	Financial Federation Charities.....	625.00
		<hr/>
		\$3,125.00
30	Salary H. Poillon, September.....	426.17
	Salary Wm. McGregor, August and September.....	100.00
	Canadian Exploration Syndicate:	
	Advances to Heine.....	503.82
	Richard Ryan, Balance due re Fixtures.....	500.00
	Corkolite Linoleum Co.....	55.00
	Bell Telephone Company September Calls.....	101.55
	Canada Cement Company " Light.....	36.85
	Canadian Pacific Rly. " Telegrams.....	24.52
	Sundries Account.....	50.00
		<hr/>
		<u>\$4,922.91</u>

40 We shall be glad to furnish you with any further information that you may desire and on being advised that the Accounts now submitted meet with your approval we will furnish you with Certified Accounts as required by the Dominion Companies Act.

Yours very truly,

PRICE, WATERHOUSE & Co.

Exhibits.
D-54 and
D-54 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1926
—continued.

DEFENDANTS' EXHIBITS D-54 and D-54 (a)
(EXHIBIT "A")
SIR MORTIMER DAVIS, INCORPORATED
BALANCE SHEET, SEPTEMBER 30, 1926

Exhibits,
D-54 and
D-54 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1926
—continued.

ASSETS

INVESTMENTS IN STOCKS (Exhibit C):

Capital Stock of the Canadian Industrial Alcohol Company Limited — 474,951 shares at \$17.50 per share.....
Other Stocks.....

\$10,177,674.55
159,790.31

\$ 8,311,642.50
1,866,032.05

PROPERTIES (Exhibit D).....

LOANS AND INTEREST ACCRUED THEREON (Exhibit E).....

485,769.24

\$10,823,234.10
403,441.99

LIFE INSURANCE POLICIES (Exhibit F).....

OFFICE FURNITURE (Depreciated Book Value).....

3,817.70

SUNDRY ACCOUNTS RECEIVABLE.....

6,287.59

DEFERRED CHARGES:

Insurance Unexpired and Taxes Prepaid... \$ 2,702.86
Office Fixtures and Fittings less proportion written off to date.....

18,827.91

DEFICIT ACCOUNT:

Balance, September 30, 1925.....
Deduct: Profit for the year ending September 30, 1926, as per Statement attached (Exhibit B).....

\$ 1,071,681.00

237,920.06

833,760.94

LIABILITIES

CAPITAL STOCK:

Authorized—67,500 Shares of \$100.00 each. \$6,750,000.00
Issued —50,000 Shares of \$100.00 each. \$ 5,000,000.00

CAPITAL SURPLUS ARISING FROM REVALUATION OF CAPITAL ASSETS.....

1,084,143.85

\$ 6,084,143.85

TWENTY YEAR SIX PER CENT SERIAL NOTES:

Issued..... \$5,000,000.00
Less: Redeemed..... 860,000.00

4,140,000.00
50,000.00

MORTGAGE ON ST. JAMES STREET PROPERTY.....

CANADIAN BANK OF COMMERCE:

Overdraft on Current Account.....

45,717.77

AMOUNTS DUE TO SHAREHOLDERS in respect of purchase of Capital Stock and Interest thereon (H. M. Marler and H. B. Maclean in Trust).....

182,585.00

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Interest accrued on 6% Serial Notes and Interest thereon:

Sir Mortimer B. Davis..... \$1,877,947.42
Less: Balance on Current Account..... 406,031.68

406,031.68

J. B. Waddell..... \$1,471,915.74

H. M. Marler..... 88,513.07

4,043.50

Mortgage Interest Accrued..... 1,564,472.31

1,750.00

O'Brien and Williams..... 18,481.25

Sundry Accounts Payable..... 4,922.91

1,589,626.47

\$12,092,073.09

\$12,092,073.09

CONTINGENT LIABILITIES:

Guarantee to Canadian Bank of Commerce in respect of Advances to Consolidated Asbestos Limited and Federal Asbestos Company Limited which at September 30, 1926, amounted to \$2,127,000.00 secured by the deposit of Securities of Asbestos Corporation Limited of a market value of \$2,692,558.00.

DEFENDANTS' EXHIBITS D-54 and D-54 (a)
(EXHIBIT "B")

SIR MORTIMER DAVIS, INCORPORATED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING
SEPTEMBER 30, 1926

		Income from Investments in Stocks and Bonds.....	\$631,689.87
		Interest received and accrued:	
10		On Loans.....	\$19,003.09
		On Current Accounts.....	15,973.81
			<hr/>
			34,976.90
		Income from Insurance Agency.....	2,406.49
		Directors' Fees.....	1,624.99
		Fees for services rendered:	
		Canadian Industrial Alcohol Co. Limited.....	\$25,000.00
		Consolidated Asbestos Limited.....	10,000.00
			<hr/>
			35,000.00
		Revenue from Federal Coals Property, less Supervision Expenses.....	6,634.16
20			<hr/>
			\$712,332.41
		DEDUCT: Taxes and Expenses on Properties owned by the Company in excess of Rentals.....	5,103.38
			<hr/>
			\$707,229.03
		DEDUCT: General and Administration Expenses:	
		Salaries and Bonuses.....	\$51,152.75
		Office Rent and Taxes.....	7,562.47
		Province of Quebec Companies Tax.....	130.00
		General Office Expense.....	4,222.03
		Legal Expenses.....	5,218.31
		Donations.....	12,500.00
			<hr/>
			80,785.56
Exhibits.	30		\$626,443.47
		DEDUCT:	
		Interest paid and accrued:	
		On Bank Loans and Overdrafts.....	\$31,865.25
		On Mortgage Loan.....	3,500.00
		On Other Loans.....	12,394.41
		On 6% Serial Notes.....	248,400.00
		On Instalments of Interest on 6% Serial Notes.....	102,676.73
		Depreciation of Office Furniture.....	424.19
		Amortization of Office Fixtures & Fittings.....	1,166.25
			<hr/>
			400,426.83
			<hr/>
			\$226,016.64
		ADD: Profit on Investments.....	\$13,694.77
		LESS: Canadian Exploration Syndicate Expenses.....	1,791.35
			<hr/>
			11,903.42
			<hr/>
			<u>\$237,920.06</u>

D-54 and
D-54 (a).
Balance
Sheet,
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Company,
30th Sept-
ember 1926
—continued.

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Exhibits.

**D-54 and
D-54 (a).
Balance
Sheet,
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Report and
Accounts of
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Company,
30th Sept-
ember 1926
—continued.**

DEFENDANTS' EXHIBITS D-54 and D-54 (a)
(EXHIBIT "C")
ESTATE SIR MORTIMER DAVIS, INCORPORATED

INVESTMENTS IN STOCKS AND BONDS

NAME OF COMPANY	Balance September 30, 1925			Purchased during year			Sold during year			Balance September 30, 1926			Income for year ending September 30, 1926
	No. of Shares	Par Value	Book Value	No. of Shares	Cost	No. of Shares	Sale Price	Gain on Sales	No. of Shares	Par Value	Book Value		
Canadian Industrial Alcohol Co. Limited..... Common	489,093	No par value	\$8,559,127.50	12,976	\$258,987.49	27,118	\$514,667.26	\$ 8,194.77	474,951	No par value	\$8,311,642.50	\$615,777.60	
Consolidated Asbestos Limited..... "	37,185	\$3,718,500.00	1,000,000.00						37,185	\$3,718,500.00	1,000,000.00		
Crescus Gold Mines Limited..... "	9,000	9,000.00	1.00						9,000	9,000.00	1.00		
Dominion Reduction Co. Limited..... "	635,302	635,302.00	1.00						635,302	635,302.00	1.00		
Imperial Tobacco Company of Canada Limited..... "	5,000	25,000.00	31,187.20						5,000	25,000.00	31,187.20	1,750.00	
National Steel Car Corporation..... "	107	No par value	4,591.00						107	No par value	4,591.00		
Trans-Canada Theatres Limited..... Preferred	4,000	100,000.00	1.00						4,000	100,000.00	1.00		
Trans-Canada Theatres Limited..... Bonus Common	2,400	60,000.00							2,400	60,000.00			
Royal Bank of Canada..... "	923	92,300.00	185,255.90						923	92,300.00	185,255.90	12,922.00	
Crown Trust Company..... "	50	5,000.00	5,000.00						50	5,000.00	5,000.00	300.00	
General Cigars Company Limited..... Preferred	852	85,200.00	85,200.00						852	85,200.00	85,200.00		
General Cigars Company Limited..... Common	6,422	642,200.00	394,980.00						6,422	642,200.00	394,980.00		
Harbens Limited, Artificial Silk..... Preferred	5,000	24,333.33	24,333.33						5,000	24,333.33	24,333.33		
Crescent Lorraine Silver Mining Company..... Common	499,950	499,950.00	21,567.74						499,950	499,950.00	21,567.74		
Masson Valley Mines Company..... "	5,228	26,140.00	7,842.00						5,228	26,140.00	7,842.00		
Asbestos Corporation Limited..... "				5,000	106,071.88				5,000	No par value	106,071.88		
BONDS:													
Jacobs Asbestos Mining Company Limited.....		55,000.00	55,000.00				60,500.00	5,500.00				940.27	
							\$10,374,087.67					\$10,177,674.55	
							\$365,059.37	\$13,694.77				\$631,689.87	

Securities included above deposited with the Canadian Bank of Commerce as collateral—
Loans..... Nil
Overdraft..... \$45,717.77 } 160,000 Shares Canadian Industrial Alcohol Company Limited.

10

DEFENDANTS' EXHIBITS D-54 and D-54 (a)
(EXHIBIT "D")

20

SIR MORTIMER DAVIS, INCORPORATED
PROPERTIES—SEPTEMBER 30, 1926

Exhibits.
D-54 and
D-54 (a).
Balance
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porated
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ember 1926
—continued.

30

	Book Value Sep. 30, 1925	<i>Deduc- tions during year</i>	Book Value Sep. 30, 1926
Notre Dame de Grace.....	\$ 20,793.60	\$1,748.25	\$ 19,045.35
North Shore Property.....	15,000.00		15,000.00
Federal Coals Property.....	10,000.00		10,000.00
St. James Street Property.....	115,744.96		115,744.96
	<u>\$161,538.56</u>	<u>\$1,748.25</u>	<u>\$159,790.31</u>

40

Exhibits.
 D-54 and
 D-54 (a).
 Balance
 Sheet,
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 Report and
 Accounts of
 Incorporated
 Company,
 30th Sept-
 ember 1926
 —continued.

DEFENDANTS' EXHIBITS D-54 and D-54 (a)
 (EXHIBIT "E")

SIR MORTIMER DAVIS, INCORPORATED

LOANS—SEPTEMBER 30, 1926

	Amount of Loan	Interest accrued	Total	Income for Year	Remarks
Dominion Reduction Company Limited.....	\$826,000.00	\$289,336.45	\$1,115,336.45	\$57,820.00	Security held: Notes of the Dominion Reduction Company Limited for \$826,000.00. 610,400 Shares of \$1.00 each of the Capital Stock of Dominion Reduction Company Limited. 177,582 Shares of \$5.00 each of the Capital Stock of Mason Valley Mines Company Limited. 10 Shares of \$100.00 each, being all of the Capital Stock of D. M. Steindler Holding Company Incorporated. Income from October 19, 1923, to September 30, 1926.
Cash Advances—Rigaud Granite.....	1,254.60	14.64	1,269.24	455.56	
Consolidated Asbestos Limited, (Paid off during year).....				18,530.99	
Samuel Davis, (Paid off during year).....				4.60	
Mortimer B. Davis, Jr., (Paid off during year).....				11.94	
	<u>\$827,254.60</u>	<u>\$289,351.09</u>	<u>\$1,116,605.69</u>	<u>\$76,823.09</u>	
DEDUCT: Reserve against Loan and Interest Dominion Reduction Company Limited..	341,500.00	289,336.45	630,836.45	57,820.00	
	<u>\$485,754.60</u>	<u>\$ 14.64</u>	<u>485,769.24</u>	<u>19,003.09</u>	

Exhibits.
 D-54 and
 D-54 (a).
 Balance
 Sheet,
 Annual
 Report and
 Accounts of
 Incorporated
 Company,
 30th Sept-
 ember 1926
 —continued.

DEFENDANTS' EXHIBITS D-54 and D-54 (a)
 (EXHIBIT "F")

ESTATE SIR MORTIMER DAVIS, INCORPORATED

PARTICULARS OF LIFE INSURANCE POLICIES SEPTEMBER 30, 1926

Policy Number	COMPANY	Amount of Insurance	Annual Premium	Premiums Payable	Date of Insurance	Maturity Date	Number of premiums now paid	Cash Surrender Value
313421	Guardian Insurance Co. of New York.....	\$ 50,000.00	\$ 5,483.00	June 6	June 6, 1917	June 6, 1927	10	\$ 50,000.00
412429	Travellers Insurance Co. of Hartford.....	75,000.00	2,886.75	June 4	June 4, 1917	Death	10	17,700.00
2252362	Equitable Life Assurance Society of the United States.....	45,000.00	3,022.20	June 4	June 4, 1917	Death	10	12,780.00
6151427	New York Life Insurance Company.....	100,000.00	11,634.00	May 29	May 29, 1917	May 29, 1927	10	100,000.00
2402782	Prudential Insurance Co. of America.....	100,000.00	9,739.00	June 8	June 8, 1917	June 8, 1927	10	100,000.00
183673	Manhattan Life Insurance Co. of New York.....	5,000.00	210.40	June 20	June 20, 1917	Death	10	1,215.00
2430361	Mutual Life Insurance Company of New York.....	10,000.00	787.20	July 23	July 23, 1917	July 23, 1932	10	5,918.50
275886	Fidelity Mutual Life Insurance Co. Philadelphia.....	55,000.00	6,175.40	August 5	August 5, 1917	August 5, 1927	10	55,000.00
804942	Pennsylvania Mutual Life Insurance Co., Philadelphia.....	50,000.00	5,575.00	June 5	June 5, 1917	June 5, 1927	10	50,000.00
123615	Security Mutual Life Insurance Company.....	10,000.00	1,096.60	June 14	June 14, 1917	June 14, 1927	10	10,000.00
92386	North American Life Assurance Company.....	15,000.00	1,670.25	June 20	June 20, 1917	June 20, 1927	10	15,000.00
486064	Aetna Life Insurance Company of Hartford, Conn.....	50,000.00	2,462.50	June 6	June 6, 1917	Death	10	12,700.00
		<u>\$565,000.00</u>	<u>\$50,742.30</u>					<u>\$430,313.50</u>

Carried on the books as at September 30, 1926 at a value of \$403,441.99.

DEFENDANTS' EXHIBITS D-55 and D-55 (a)

PRICE, WATERHOUSE & CO.

145 St. James Street
(Dominion Express Building)

Montreal, November 24, 1927.

Exhibits.
—
D-55 and
D-55 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1927.

10 To the President and Directors,
Sir Mortimer Davis, Inc.,
Montreal, P.Q.

Dear Sirs:

In accordance with instructions, we have made an examination of the books and accounts of Sir Mortimer Davis Incorporated for the year ending September 30, 1927. and have prepared and attach hereto the following preliminary Financial Statements:—

20 Exhibit A Balance Sheet September 30, 1927.

“ A Statement of Profit and Loss for the year ending Sep-
tember 30, 1927.

“ B List of Investments in Stocks and Income therefrom
during the year.

“ C List of Properties.

“ D List of Demand and Call Loans made by the Company
and Income therefrom during the year.

30 “ E F Particulars of Insurance Policies on the life of Sir
Mortimer B. Davis and cash surrender value thereof.

In connection with these Accounts and Statements we would make the following remarks.

The Company's investments in Stocks of other companies are carried on the books at September 30, 1927, at a value of \$10,565,-480.18 which compares with a book value at September 30, 1926, of \$10,177,674.55, the increase of \$387,805.63 being made up as follows:

40 Canadian Industrial Alcohol Co. Ltd.:

Stock Account:

90,807 4/5 Shares received as a Stock Dividend and taken up at \$17.50 per share.....	\$1,589,136.50
LESS: Net Sales during the year of 71,055 4/5 Shares carried on the books of the Company at a value of \$17.50 per share....	1,243,476.50
	<hr/>
	\$ 345,660.00

Exhibits.
D-55 and
D-55 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1927
—continued.

ADD: Royal Bank of Canada Stock Purchase—211 Shares at a cost of.....	42,145.63
A total increase of.....	<u>\$ 387,805.63</u>

10 The book value of \$17.50 per share at which the Stock of the Canadian Industrial Alcohol Company Limited is carried on the books of your Company was established as of September 30, 1924, when a general revision of all asset values was made. No adjustment of asset values has been made subsequent to that date, and pending such action 90,807 4/5 shares of the Canadian Industrial Alcohol Company Limited, representing your Company's proportion of a 20% Stock dividend, have been taken up in the accounts now submitted at the arbitrary value of \$17.50 per share or \$1,589,136.50, the corresponding credits being as follows:—

PROFIT & LOSS ACCOUNT:	
90,807 4/5 Shares at \$5.00 per share the value established for taxation purposes by the Commissioner of Taxation.....	\$ 454,039.00
20 CAPITAL SURPLUS:	
90,807 4/5 Shares at \$12.50 per share to bring the book value on the Company's records to \$17.50 per share.....	1,135,097.50
	<u>\$1,589,136.50</u>

An amount of \$895,567.61 has been credited to Profit and Loss in respect of profit on sales of Canadian Industrial Alcohol Company Limited stock during the year, as set forth below:—

30		Shares	Average Price	Total Sales and Purchases
	Sales.....	121,675 4/5	29.993	\$3,649,444.46
	Purchases.....	50,619	29.838	1,510,400.35
	Net Sales.....	71,055 4/5		\$2,139,044.11
	Book Value.....	71,005 4/5	at \$17.50	1,243,476.50
	Profit on basis of book value of \$17.50 per share.....			<u>\$ 895,567.61</u>
40				

Securities representing the Company's Investments in stocks at September 30, 1927, as enumerated on Exhibit C have been produced for our inspection or verified by certificates from depositories.

The book value of the Company's properties was increased during the year by \$25,043.40 representing the purchase of No. 319 Peel Street and incidental Deed and Registration Fees.

Demand and Call loans together with interest earned thereon and collateral securities held by the Company are detailed on Exhibit E. The securities were examined during the course of our audit and the Call Loans were verified by certificates received by us direct from the Brokers concerned.

10 No change has taken place during the year in the collateral security held in connection with Loans to the Dominion Reduction Company Limited and we understand that no immediate action in the matter of the liquidation of this debt is contemplated by your Copmpany.

During the year under review Insurance Policies on the life of Sir Mortimer B. Davis aggregating \$380,000.00 matured and were surrendered for cash to the amount of \$390,734.10. Life Insurance Policies in force at September 30, 1927, aggregating \$185,000.00 and have a cash surrender value of \$56,076.30 are shown on Exhibit F.

An amount of \$35,485.01 has been credited to Profit and Loss in respect of profits on policies matured as under:—

20	Total Book Value of Insurance Policies represented by Premiums paid less Annual Dividends.....	\$411,325.39
	DEDUCT: Cash Surrender value of Policies in force at Sept. 30, 1927..	56,076.30
	Book Value of Policies matured	\$355,249.09
	Proceeds of Policies matured	390,734.10
	Profit	<u>\$ 35,485.01</u>

30 The Sundry Accounts Receivable at September 30, 1927, may be summarised as follows:—

Exhibits.
D-55 and
D-55 (a).
Balance
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—continued.

40	Royalty—Federal Coals Property: C. S. Donaldson Company, September, 1927	\$ 534.47
	Directors' Fees: Asbestos Corporation Limited.....	375.00
	Expense Account Balances, etc.: Alberta Oil Fields: A. J. Blockburne	\$ 10.69
	W. R. Cunningham.....	588.55
	M. B. Davis, Jr.: Balance on Current Account.....	1,872.20
	Amounts receivable from Sub-tenants of 9th floor of Canada Cement Building in respect of Light, Telephone and Mes- senger Service for September, 1927.....	326.79
		<u>\$3,707.70</u>

Exhibits.
 —
 D-55 and
 D-55 (a).
 Balance
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 Company,
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 ember 1927
 —continued.

The cash in bank at September 30, 1927, has been verified by a certificate received direct from the Company's bankers.

We are informed that Sir Mortimer B. Davis has been furnished with monthly detailed statements of his current account with the Company and your Secretary has been requested to obtain a certificate covering the amount of \$1,748,962.90 shown on Exhibit A.

10 So far as we have been able to ascertain all known liabilities of the Company at September 30, 1927, have been taken up on the books as at that date. Sundry Accounts Payable consist of the following items:—

Salary, H. Poillon, September.....	\$416.67
Expense " Telephone and Telegrams.....	15.19
Salary, Wm. McGregor, August and September.....	100.00
Companies Tax, Province of Quebec.....	130.00
Canadian Pacific Railway, September Telegrams.....	138.58
Bell Telephone Company, September calls.....	146.10
Canada Cement Company " Light.....	42.98
	<hr/>
	<u>\$989.52</u>

20

We shall be glad to furnish you with any further information that you may desire and on being advised that the Accounts now submitted meet with your approval we will furnish you with Certified Accounts as required by the Dominion Companies Act.

Yours very truly,

PRICE, WATERHOUSE & Co.

30

40

Exhibits.
 D-55 and
 D-55 (a).
 Balance
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 Annual
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 Accounts of
 Incorporated
 Company,
 30th Sept-
 ember 1927
 —continued.

DEFENDANTS' EXHIBITS D-55 and D-55 (a)
 (EXHIBIT "A")

SIR MORTIMER DAVIS, INCORPORATED

BALANCE SHEET, SEPTEMBER 30, 1927

ASSETS

INVESTMENTS IN STOCKS (Exhibit C):

Capital Stock of the Canadian Industrial Alcohol Co. Limited, 494,703 at \$17.50 per share \$8,657,302.50
 Other Stocks 1,908,177.68
 Properties (Exhibit D) \$10,565,480.18
 Loans and Interest Accrued thereon (Exhibit F) 184,833.71
 537,257.33

LIFE INSURANCE POLICIES (Exhibit F):

At cash surrender values 56,076.30
 OFFICE FURNITURE (Depreciated Book Value) 3,442.68
 ACCOUNTS RECEIVABLE:
 O'Brien & Williams \$ 7,484.30
 Sundry 3,707.70

CASH IN BANK AND ON CALL:

Canadian Bank of Commerce \$ 1,168,920.93
 Call Loans and Interest accrued thereon (Exhibit E) 400,723.28

DEFERRED CHARGES:

Insurance Unexpired and Taxes prepaid \$ 3,056.37
 Office Fixtures and Fittings less proportion written off to date 17,373.66

\$11,287,571.22

11,192.00

1,569,644.21

20,430.03

\$12,948,356.44

LIABILITIES

CAPITAL STOCK:
 Authorized—67,500 shares of \$100.00 each \$6,750,000.00
 Issued —50,000 " 5,000,000.00
 CAPITAL SURPLUS ARISING FROM REVALUATION OF CAPITAL ASSETS 2,219,241.35
 \$ 7,219,241.35

TWENTY YEAR SIX PER CENT SERIAL NOTES:

Issued \$5,000,000.00
 Less: Redeemed 860,000.00

4,140,000.00

AMOUNTS DUE TO SHAREHOLDERS in respect of

Purchase of Capital Stock and Interest thereon (H. M. Marler and H. N. Maclean in trust) 193,704.43

25,000.00

952

TRUST DEPOSIT:

Mr. and Mrs. S. Davis 25,000.00
 ACCOUNTS PAYABLE & ACCRUED LIABILITIES:

Interest accrued on 6% Serial

Notes and Interest thereon:
 Sir Mortimer B. Davis \$2,229,824.44
 Less: Balance on Current Account 1,748,962.90

\$ 480,861.54

88,513.06

900.00

\$ 570,274.60
 989.52

571,264.12

SURPLUS ACCOUNT:

Profit for the year ending September 30, 1927, as per statement attached (Exhibit B) \$1,632,907.48

833,760.94

799,146.54

\$12,948,356.44

DEFENDANTS' EXHIBITS D-55 and D-55 (a)
(EXHIBIT "B")

SIR MORTIMER DAVIS, INCORPORATED

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING
SEPTEMBER 30, 1927**

Exhibits.
D-55 and
D-55 (a).
Balance
Sheet,
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Incor-
porated
Company,
30th Sept-
ember 1927
—continued.

	Income from Investments in Stocks:		
	Cash Dividends.....	\$652,988.87	
	Stock Dividend.....	454,039.00	
			<u>\$1,107,027.87</u>
10	Interest received and accrued:		
	On Demand Loans.....	\$ 2,760.99	
	On Call Loans.....	1,868.49	
	On Current Accounts.....	72,596.70	
	Bank Interest (Net).....	4,301.66	
			<u>81,527.84</u>
	Income from Insurance Agency.....		47.14
	Directors' Fees.....		1,974.99
	Revenue from Federal Coals Property less Supervision Expenses.....		<u>5,943.21</u>
			<u>\$1,196,521.05</u>
20	DEDUCT: Taxes and Expenses on Properties owned by the Company in excess of Rentals.....		<u>4,006.09</u>
			<u>\$1,192,514.96</u>
	DEDUCT: General and Administration Expenses:		
	Salaries and Bonuses.....	\$ 45,213.42	
	Office Rent and Taxes.....	5,968.83	
	Province of Quebec Companies Tax.....	130.00	
	General and Office Expenses.....	4,365.92	
	Donations.....	11,000.00	
			<u>66,678.17</u>
			<u>\$1,125,836.79</u>
	DEDUCT:		
30	Interest Paid and Accrued:		
	On Mortgage Loans.....	\$ 1,750.00	
	On other Loans.....	13,514.61	
	On 6% Serial Notes.....	248,400.00	
	On Instalments of Interest on 6% Serial Notes...	122,779.40	
	Depreciation of Office Furniture.....	382.52	
	Amortization of Office Fixtures and Fittings.....	1,166.25	
			<u>387,992.78</u>
			<u>\$ 737,844.01</u>
	ADD:		
	Profit on Investments.....	\$895,567.61	
40	Profit on Insurance Policies.....	35,485.01	
			<u>\$931,052.62</u>
	LESS: Canadian Exploration Syndicate Ex- penses.....	\$ 5,826.10	
	Alberta Oil Fields Leases and Ex- penses.....	30,163.05	
			<u>35,989.15</u>
			<u>895,063.47</u>
			<u><u>\$1,632,907.48</u></u>

- 954 -

Exhibits.

—
D-55 and
D-55 (a).
Balance
Sheet,
Annual
Report and
Accounts of
Incor-
porated
Company,
30th Sept-
ember 1927
—*continued.*

DEFENDANTS' EXHIBITS D-55 and D-55 (a)
(EXHIBIT "C")

SIR MORTIMER DAVIS, INCORPORATED

INVESTMENTS—SEPTEMBER 30, 1927

Stocks:	Balance September 30, 1926			Purchased during year			Sold during year			Profit on Sales	Credited to Capital Surplus	Balance September 30, 1927			Income for the year ending September 30, 1927
	No. of Shares	Par Value	Book Value	No. of Shares	Cost	No. of Shares	Sale Price	No. of Shares	Par Value			Book Value	No. of Shares	Par Value		Book Value
Canadian Industrial Alcohol Co. Ltd.	474,951	No par value	\$ 8,311,642.50	50,619	\$1,510,400.35	121,674%	\$3,649,444.46		\$895,567.61		403,895%	No par value	\$7,068,166.00	\$ 636,523.20	
do (Stock Dividend)				90,807%	454,039.00					\$1,135,097.50	90,807%	No par value	1,589,136.50	545,039.00	
Consolidated Asbestos Limited	37,185	\$3,718,500.00	1,000,000.00								37,185	\$3,718,500.00	1,000,000.00		
Croesus Gold Mines	9,000	9,000.00	1.00								9,000	9,000.00	1.00		
Dominion Reduction Co. Limited	635,302	635,302.00	1.00								635,302	635,302.00	1.00		
Imperial Tobacco Co. of Canada Ltd.	5,000	25,000.00	31,187.20								5,000	25,000.00	31,187.20	1,875.00	
National Steel Car Corporation Ltd.	107	No par value	4,591.00								107	No par value	4,591.00		
Trans-Canada Theatres Limited	4,000	100,000.00	1.00								4,000	100,000.00	1.00		
Trans-Canada Theatres Limited (Bonus)	2,400	60,000.00									2,400	60,000.00			
Royal Bank of Canada	923	92,300.00	185,255.90	211	42,145.63						1,134	113,400.00	22,740.153	14,278.17	
Crown Trust Company	50	5,000.00	5,000.00								50	5,000.00	5,000.00	312.50	
General Cigars Company Limited	852	85,200.00	85,200.00								852	85,200.00	85,200.00		
do	6,422	642,200.00	394,980.00								6,422	642,200.00	394,980.00		
Harbens Limited, Artificial Silk	5,000	24,333.33	24,333.33								5,000	24,333.33	24,333.33		
Crescent Lorraine Silver Mining Co.	499,950	499,950.00	21,567.74								499,950	499,950.00	21,567.74		
Mason Valley Mines Company	5,228	26,140.00	7,842.00								5,228	26,140.00	7,842.00		
Asbestos Corporation Limited	5,000	No par value	106,071.88								5,000	No par value	106,071.88		
			\$10,177,674.55		\$2,006,584.98		\$3,640,444.46		\$895,567.61	\$1,135,097.50			\$10,565,480.18	\$1,107,027.87	

Exhibits.
 D-55 and
 D-55 (a).
 Balance
 Sheet,
 Annual
 Report and
 Accounts of
 Incorporated
 Company,
 30th Sept-
 ember 1927
 —continued.

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DEFENDANTS' EXHIBITS D-55 and D-55 (a)
 (EXHIBIT "D")

SIR MORTIMER DAVIS, INCORPORATED

PROPERTIES—SEPTEMBER 30, 1927

	Book Value Sept. 30, 1926	Additions during year	Book Value Sept. 30, 1927
Notre Dame de Grace.....	\$ 19,045.35		\$ 19,045.35
North Shore Property.....	15,000.00		15,000.00
Federal Coals Property.....	10,000.00		10,000.00
St. James Street Property.....	115,744.96		115,744.96
319 Peel Street Property.....		25,043.40	25,043.40
30	<u>\$159,790.31</u>	<u>\$ 25,043.40</u>	<u>\$184,833.71</u>

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Exhibits.
 —
 D-55 and
 D-55 (a).
 Balance
 Sheet,
 Annual
 Report and
 Accounts of
 Incorporated
 Company,
 30th Sept-
 ember 1927
 —continued.

DEFENDANTS' EXHIBITS D-55 and D-55 (a)
 (EXHIBIT "E")

SIR MORTIMER DAVIS, INCORPORATED

STATEMENT OF LOANS—SEPTEMBER 30, 1927

	Amount of Loan	Interest accrued	Total	Income for year	REMARKS
DEMAND:					
Dominion Reduction Company Limited	\$826,000.00	\$347,156.45	\$1,173,156.45	\$ 57,820.00	Notes of the Dominion Reduction Company Limited for \$826,000.00 610,400 shares of \$1.00 each of the Capital Stock of the Dominion Reduction Co. Limited. 177,582 shares of \$5.00 each of the Capital Stock of Mason Valley Mines Co. 10 shares of \$100.00 each of the Capital Stock of D. M. Steindler Holding Co. Inc.
Rt. Hon. Lord Shaughnessy	50,000.00	2,757.33	52,757.33	2,757.33	No Note or Security—Authorized by Directors' Minutes of the Company January 25, 1927.
Rigaud Granite (paid off during year)				3.66	
	\$876,000.00	\$349,913.78	\$225,913.78	60,580.99	
Deduct: Reserve against Loan and Interest Dominion Reduction Co. Limited	341,500.00	347,156.45	688,656.45	57,820.00	
	\$534,500.00	2,757.33	537,257.33	2,760.99	
CALL:					
O'Brien & Williams	\$200,000.00		200,000.00	1,145.21	SECURITIES HELD 400 Shares Shawinigan Water & Power. 800 " Canadian Car & Foundry Co. Ltd., Pref. 500 " Brazilian Traction Light & Power Co. 450 " Dominion Glass Co. Ltd. 300 " Massey Harris Co. Ltd. 125 " Pref. Canada Steamships Lines Ltd. 300 Shares Brazilian Traction Light & Power Co. 200 " National Breweries Ltd.
Craig, Luther & Irvine	100,000.00	361.64	100,361.64	361.64	50 " Consolidated Mining & Smelting Co. Ltd. 300 " Shawinigan Water & Power Co. Ltd. 100 " Quebec Power Co. Ltd. Old Par \$100.00 each 400 Shares Brazilian Traction Light & Power Co. 300 " National Breweries Ltd.
Greenshields & Company	100,000.00	361.64	100,361.64	361.64	200 " Pref. Canada Steamship Lines Ltd. 150 " Shawinigan Water & Power Co. Ltd. 100 " Wayagamack Pulp & Paper Co. Ltd.
	\$400,000.00	\$ 723.28	\$ 400,723.28	\$ 1,868.49	

Exhibits.
 D-55 and
 D-55 (a).
 Balance
 Sheet,
 Annual
 Report and
 Accounts of
 Incorporated
 Company,
 30th Sept-
 ember 1927
 —continued.

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DEFENDANTS' EXHIBITS D-55 and D-55 (a)
 (EXHIBIT "F")

SIR MORTIMER DAVIS, INCORPORATED

PARTICULARS OF LIFE INSURANCE POLICIES
 SEPTEMBER 30, 1927

	Policy Number	Name of Company	Date of Insurance	Maturity Date	Amount of Insurance	Cash Surrender Value
20	412429	Travellers Insur- ance Co. of Hart- ford.....	June 4, 1917	Death	\$ 75,000.00	\$19,800.00
	2252362	Equitable Life As- surance Society of the United States.....	June 4, 1917	Death	45,000.00	14,130.00
	183673	Manhattan Life In- surance Co. of New York.....	June 20, 1917	Death	5,000.00	1,350.00
30	2430461	Mutual Life Insur- ance Co. of New York.....	July 23, 1917	July 23, 1932	10,000.00	6,646.30
	486064	Aetna. Lfe Insur- ance Co. of Hart- ford.....	June 6, 1917	Death	50,000.00	14,150.00
					<u>\$185,000.00</u>	<u>\$56,076.30</u>

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Exhibits.

D-18.
Summarized
Statement
of Profit
and Loss
of Sir
Mortimer
Davis In-
corporated,
for five
years,
30th Sept-
ember 1919
to 30th
September
1924.

DEFENDANTS' EXHIBIT D-18
ESTATE SIR MORTIMER DAVIS, INCORPORATED

SUMMARIZED STATEMENT OF PROFIT & LOSS FOR THE FIVE YEARS ENDING SEPTEMBER 30, 1924

	YEAR ENDING					Five Years ending September 30, 1924
	September 30, 1920 (P-89)	September 30, 1921 (P-90)	September 30, 1922 (P-91)	September 30, 1923 (P-92)	September 30, 1924 (D-52)	
Income from Investments in Stocks and Bonds.....			\$146,702.50	\$310,279.50	\$642,928.05	\$1,727,243.87
Income from Insurance Agency.....	\$290,458.25	\$336,475.57	2,888.47	4,884.05	5,015.68	13,896.20
Directors' Fees.....	2,658.28	6,258.22	9,841.70	9,774.99	8,383.32	36,916.51
Fees for Services rendered to other Corporations.....						
Revenue from Federal Coals Property, less Supervision Expenses.....	\$293,116.53	\$343,831.79	4,292.11	4,726.33	3,594.99	5,423.45
DEDUCT: Taxes and Expenses on properties owned in excess of revenue.....	732.34	12,115.81	9,105.65	1,319.67	3,142.92	26,416.39
	\$292,384.19	\$331,715.98	\$146,034.91	\$319,302.54	\$656,779.12	\$1,746,216.74
DEDUCT: General & Administration Expenses:—						
Salaries and Bonuses.....	\$ 27,171.62	24,592.97	34,910.82	33,573.51	47,554.42	167,803.34
Directors' Fees.....		3,000.00	3,000.00	3,000.00	4,000.00	13,000.00
Office Rent and Taxes.....	1,638.62	2,137.15	4,081.47	7,009.00	7,320.96	22,187.20
Province of Quebec Companies Tax.....	5,000.00	5,000.00	5,030.00	5,030.00	5,030.00	25,090.00
General & Office Expenses.....	1,221.96	1,315.46	2,694.27	3,549.24	5,678.73	14,459.66
Legal Expenses.....	174.00	712.40	6,872.93	412.58	1,254.83	9,426.74
Donations.....		48,343.33	30,000.00		15,010.00	127,553.33
Investigation Expenses re Roe Press.....	2,323.10				2,323.10	2,323.10
Organization Expenses.....	8,358.28	977.38			8,358.28	8,358.28
Investigation Expenses re North Cobalt Properties.....		45,887.58	86,078.69	86,774.33	85,848.94	391,179.03
	\$246,496.61	245,637.29	59,445.42	232,528.21	570,930.18	1,355,037.71
DEDUCT:						
Interest paid and accrued (net)—	117,960.07	98,689.23	97,339.36	85,765.60	107,342.73	507,096.99
On Bank Loans and Overdraft.....	37,079.00	66,716.03	15,192.91	27,768.10	100,589.92	247,345.96
On Other Loans, etc.....	300,000.00	300,000.00	300,000.00	274,560.00	248,490.00	1,423,050.00
On 6% Serial Notes.....				25,380.00	63,787.82	89,167.82
On Arrears of Interest Payments.....				29,424.57		29,424.57
Loss of Sterling Exchange.....			528.06	2,990.34	518.99	4,037.39
Depreciation of Office Furniture.....			462.64	1,166.25	1,166.25	2,795.14
Amortization of Office Fixtures & Fittings.....			3,030.31			3,030.31
Office Furnishings written off.....				5,012.23	8,841.41	13,853.64
Canadian Exploration Syndicate Expense.....						
Alberta Gold Mines Lease Expenses.....	380,881.07	331,973.20	6,863.39	396,530.89	329,557.28	6,863.39
Loss resulting from Guarantee of Book Debts of S. Davis & Sons.....	\$134,384.46	86,335.91	333,585.43	164,002.68	241,372.90	476,935.58
Operating Profit or Loss.....						
ADD or DEDUCT:						
Profit or Loss on sale of Securities representing the difference between the proceeds realised and their book values.....	6,132.32	595,099.17	98,664.81	295,389.07	457,046.85	538,238.52
Profit on Insurance Policies.....						
Balance of Profit or Loss transferred to Surplus Account.....	\$140,516.78	\$681,435.08	\$1,432,250.24	\$459,391.75	\$698,419.75	\$1,015,174.10

Exhibits.

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D-17.
Summarized
Statement
of Profit
and Loss
of Sir
Mortimer
Davis In-
corporated,
for five
years,
30th Sept-
ember 1924
to 30th
September
1929.

DEFENDANTS' EXHIBIT D-17
SIR MORTIMER DAVIS, INCORPORATED

SUMMARIZED STATEMENT OF PROFIT AND LOSS FOR THE FIVE YEARS ENDING SEPTEMBER 30, 1929

	YEAR ENDING					Five years ending
	September 30, 1925 (D-53)	September 30, 1926 (D-54)	September 30, 1927 (D-55)	September 30, 1928 (P-51)	September 30, 1929 (P-10)	September 30, 1929
Income from Investments in Stocks and Bonds.....	\$645,680.55	\$631,689.87	\$652,988.87	\$922,053.35	\$1,154,041.79	\$4,006,454.43
Stock Dividend on Canadian Industrial Alcohol Stock*	2,140.22	2,406.49	454,039.00	25.13	34.14	454,039.00
Income from Insurance Agency.....	1,041.68	1,624.99	47.14	1,974.98	1,145.00	4,653.12
Directors' Fees.....	25,000.00	35,000.00	1,974.99	1,974.98	1,145.00	7,761.64
Fees from Services rendered to other Corporations.....	7,127.52	6,634.16	5,943.21	3,030.57	\$1,155,220.93	60,000.00
Revenue from Federal Coals Property, less Supervision Expense.....		\$680,989.97	\$677,355.51	\$927,084.03		\$4,555,643.65
Deduct: Taxes and Expenses on properties owned by Company in excess of Revenue.....	2,962.10	5,13.38	4,006.09	4,644.63	3,276.64	19,992.84
	\$678,027.87	672,252.13	\$1,110,987.12	922,439.40	1,151,944.29	4,535,650.81
Deduct: General and Administration Expenses—						
Salaries and Bonuses.....	\$ 42,552.77	51,152.75	45,213.42	42,338.04	50,882.18	232,139.16
Directors' Fees.....	5,574.49	7,562.47	5,968.83	5,548.98	5,441.19	30,095.96
Office Rent and Taxes.....	130.00	130.00	130.00	130.00	130.00	650.00
Province of Quebec Companies Tax.....	5,160.91	4,222.03	4,365.92	4,821.72	3,819.48	22,390.06
General and Office Expenses.....	4,974.17	5,218.31				10,192.48
Legal Expenses.....	27,500.00	85,892.34	11,000.00	66,678.17	12,040.00	74,980.00
Donations.....						370,447.66
	\$592,135.53	591,466.57	1,044,308.95	857,660.66	1,079,631.44	4,165,203.15
Deduct:—						
Interest paid and accrued (net)—						
On Bank Loans and Overdraft.....	\$ 04,984.64	31,865.25	4,901.66	131,287.08	184,788.65	448,623.96
On other Loans.....	39,359.22	19,082.49	61,961.57	108,680.40	94,804.39	318,888.07
On 6% Serial Notes.....	248,400.00	248,400.00	248,400.00	248,400.00	248,400.00	1,242,000.00
On Arrears of Interest Payments.....	82,772.24	102,676.73	122,779.40	63,728.94	8,459.40	380,416.71
Loss on Sterling Exchange.....	22,264.67	424.19	382.52	344.27	313.63	22,264.67
Depreciation of Office Furniture.....	463.98	1,166.25	1,166.25	1,166.25	1,166.25	1,928.59
Amortization of Office Furniture and Fittings.....	1,166.25	1,791.35	5,826.10	3,329.38	4,910.50	5,831.25
Canadian Exploration Syndicate Expense.....	142.83	420,835.39	30,163.05	342,454.09	14,486.69	16,000.16
Alberta Gold Mines Lease Expenses.....						103,029.16
	\$171,300.14	224,225.29	701,854.86	454,705.72	711,910.71	1,901,206.43
Add or Deduct:						
Operating Profit.....						2,263,996.72
Profit or Loss on Sale of Securities representing the difference between the proceeds realized and their book values.....	\$227,807.04	13,694.77	895,587.61	179,573.92	860,585.36	860,585.36
Profit on Insurance Policies.....			35,485.01	128,923.70	164,852.61	1,025,437.97
Balance of Profit or Loss transferred to Surplus Account.....	\$56,506.90	\$237,920.06	\$1,632,907.45	\$763,203.34	711,910.71	\$3,289,434.69

*NOTE—Stock Dividend received from Canadian Industrial Alcohol Co. Limited—90,807 shares taken up on books at \$17.50.
Less: Amount credited to Capital Surplus at \$12.50 per share..... \$1,589,136.50

Amount credited to Profit and Loss Account at \$5.00 per share the value placed thereon for Income Tax purposes..... \$ 454,039.00

Exhibits.

D-132.
Comparative State-
ment *re*
Accounts
Incor-
porated
Company,
1919 to
1929.

DEFENDANTS' EXHIBIT D-132
SIR MORTIMER DAVIS, INCORPORATED

SUPPLEMENTARY EXHIBIT

STATEMENT OF PERCENTAGES OF GENERAL AND ADMINISTRATION EXPENSE AND OPERATING PROFITS TO GROSS REVENUE FOR THE TEN YEARS ENDING SEPTEMBER 30, 1929

	1920	1921	1922	1923	1924	Five years ending Sept. 30, 1924	1925	1926	1927	1928	1929	Five years ending Sept. 30, 1929
Gross Revenue.....	\$292,384.19	\$331,715.98	\$146,034.91	\$319,302.54	\$656,779.12	\$1,746,216.74	\$678,027.87	\$672,252.13	\$656,948.12	\$922,439.40	\$1,151,944.29	\$4,585,650.81*
Administration Expense.....	45,887.58	86,078.69	86,589.49	86,774.33	85,848.94	391,179.03	85,892.34	80,785.56	66,678.17	64,778.74	72,312.85	370,447.66
Percentage of Administration Expense to Gross Revenue....	15.69%	25.95%	59.29%	27.17%	13.07%	22.40%	12.66%	12.01%	10.15%	7.02%	6.27%	Before Stock Dividend, 9.07% Including Stock Dividend, 8.16%
Operating Profit or Loss.....	134,584.46	86,335.91	333,585.43	164,002.68	241,372.90	476,935.58	171,300.14	224,225.29	247,815.86	454,705.72	711,910.71	2,263,996.72*
Percentage of Operating Profit to Gross Revenue.....	46.04%	25.95%	228.43%	51.40%	36.75%	27.30%	25.26%	33.35%	37.72%	49.29%	61.80%	Before Stock Dividend 44.34% Including Stock Dividend 49.91% ⁰⁰

*Including Stock Dividend.

PREPARED BY PRICE, WATERHOUSE & Co.

Exhibits.
—
P-86.
Statement
of Annual
P. and L.
Earnings of
Incor-
porated
Company,
1924-1929.

PLAINTIFFS' EXHIBIT P-86
ESTATE SIR MORTIMER DAVIS, INCORPORATED

SUMMARIZED STATEMENT OF PROFIT AND LOSS EARNINGS BY YEARS FROM OCTOBER 1, 1924 TO
SEPTEMBER 30, 1929 BEFORE CHARGING GENERAL AND ADMINISTRATION EXPENSES AND INTEREST, ETC.

	YEAR ENDING					Five years ending
	Sept. 30, 1925	Sept. 30, 1926	Sept. 30, 1927	Sept. 30, 1928	Sept. 30, 1929	Sept. 30, 1929
Income from Investments in Stocks and Bonds	\$645,680.55	\$631,689.87	\$652,988.87	\$922,053.35	\$1,154,041.79	\$4,006,454.43
Stock Dividend on Canadian Industrial Alcohol Stock			454,039.00			454,039.00
Income from Insurance Agency	2,140.22	2,406.49	47.14	25.13	34.14	4,653.12
Directors' Fees	1,041.68	1,624.99	1,974.99	1,974.98	1,145.00	7,761.64
Fees from Services rendered to other Corporations	25,000.00	35,000.00				60,000.00
Revenue from Federal Coals Property, less Supervision Ex- pense	7,127.52	6,634.16	5,943.1	3,030.57		22,735.46
Deduct: Taxes and Expenses on properties owned by Com- pany in excess of Revenue	\$680,989.97	\$677,355.51	\$1,114,993.21	\$927,084.03	\$1,155,220.93	\$4,555,643.65
	2,962.10	5,103.38	4,006.09	4,644.63	3,276.64	19,992.84
	\$678,027.87	\$672,252.13	\$1,110,987.12	\$922,439.40	\$1,151,944.29	\$4,535,650.81

*NOTE—Stock Dividend received from Canadian Industrial Alcohol Co. Limited—90,807 shares taken up on Books at \$17.50.. \$1,589,136.50
Less: Amount credited to Capital Surplus at \$12.50 per share..... 1,135,097.50
Amount credited to Profit and Loss Account at \$5.00 per share the value placed thereon for Income Tax purposes... 454,039.00

Exhibits.

D-51.
Compara-
tive State-
ment of In-
corporated
Company of
Combined
Profit and
Loss for
10 years
(consoli-
dated form
of figures in
Exhibits
D-17 and
D-18,
30th Sept-
ember 1919
to 30th
September
1929).

DEFENDANTS' EXHIBIT D-51
ESTATE SIR MORTIMER DAVIS, INCORPORATED

COMPARATIVE SUMMARIZED STATEMENT OF COMBINED PROFIT AND LOSS FOR THE FIVE YEARS ENDING SEPTEMBER 30,
1924 AND SEPTEMBER 30, 1929 RESPECTIVELY

	FIVE YEARS ENDING		Ten Years ending
	September 30, 1924	September 30, 1929	September 30, 1929
Income from Investments in Stocks and Bonds.....	\$1,727,243.87	\$4,006,454.43	\$5,733,698.30
Stock Dividend on Canadian Industrial Alcohol Stock*		*454,039.00	454,039.00
Income from Insurance Agency.....	13,896.20	4,653.12	18,549.32
Directors' Fees.....	36,916.51	7,761.64	44,676.15
Fees from Services rendered to other Corporations.....		60,000.00	60,000.00
Revenue from Federal Coals Property, less Supervision Expense.....	5,423.45	\$1,772,633.13	22,735.46
		\$4,555,643.65	\$6,328,276.78
Deduct: Taxes and Expenses on properties owned by Company in excess of Revenue.....	26,416.39	19,992.84	46,409.23
	<u>\$1,746,216.74</u>	<u>4,535,650.81</u>	<u>6,281,867.55</u>
Deduct: General and Administration Expenses—			
Salaries and Bonuses.....	\$ 167,803.34	\$ 232,139.16	\$ 399,942.50
Directors' Fees.....	13,000.00		13,000.00
Office Rent and Taxes.....	22,187.20	30,095.96	52,283.16
Province of Quebec Companies Tax.....	25,090.00	650.00	25,740.00
General and Office Expenses.....	14,459.66	22,390.06	36,849.72
Legal Expenses.....	9,426.74	10,192.48	19,619.22
Donations.....	127,553.33	74,980.00	202,533.33
Investigation Expenses re Roe Press.....	2,323.10		2,323.10
Organization Expenses.....	8,358.28		8,358.28
Investigation Expenses re North Cobalt Properties.....	977.38	370,447.66	761,626.69
	<u>\$1,355,037.71</u>	<u>\$4,165,203.15</u>	<u>\$5,520,240.86</u>
Deduct:			
Interest paid and accrued (net)—			
On Bank Loans and Overdrafts.....	\$ 507,096.99	448,623.96	955,720.95
On other loans, etc.....	247,345.96	318,388.07	565,734.03
On 6% Serial Notes.....	1,423,050.00	1,242,000.00	2,665,050.00
On Arrears of Interest Payments.....	89,167.82	380,416.71	469,584.53
Loss on Sterling Exchange.....	29,424.57	22,264.67	51,689.24
Depreciation of Office Furniture.....	4,037.39	1,928.59	5,965.98
Amortization of Office Fixtures and Fittings.....	2,795.14	6,831.25	8,626.39
Office Furnishings written off.....	3,030.31		3,030.31
Canadian Exploration Syndicate Expense.....	13,853.64	16,000.16	29,853.80
Alberta Gold Mines Lease Expenses.....		103,029.16	103,029.16
Loss resulting from Guarantee of Book Debts of S. Davis & Sons.....	6,863.39	1,901,206.43	6,863.39
	<u>\$ 476,935.58</u>	<u>2,263,996.72</u>	<u>1,787,061.14</u>
Operating Profit and Loss.....		1,787,061.14	
Add or Deduct:			
Profit or Loss on sale of securities representing the difference between the proceeds realized and their book values.....	\$ 538,238.52	860,585.36	322,346.84
Profit on Insurance Policies.....		164,852.61	164,852.61
Balance of Profit or Loss transferred to Surplus Account.....	<u>\$1,015,174.10</u>	<u>\$3,289,434.69</u>	<u>\$2,374,260.59</u>

Which represents Surplus Income as shown by Balance Sheet as at September 30, 1929.—
To March 31, 1928..... \$ 825,109.48
Period to September 30, 1929..... 961,951.66
\$1,787,061.14

Which was credited in Balance Sheet as at September 30, 1929 to Capital Surplus Account.

*NOTE—Stock Dividend received from Canadian Industrial Alcohol Co. Limited—90,807 shares taken up on books at \$17.50..... \$1,589,136.50
Less: Amount credited to Capital Surplus at \$12.50 per share..... 1,135,097.50

Amount credited to Profit and Loss Account at \$5.00 per share, the value placed thereon for Income Tax purposes..... \$ 454,039.00

Exhibits.

D-20.
Summarized
Statement
of Profit
and Loss
of Sir
Mortimer
Davis In-
corporated,
for five
years,
30th Sept-
ember 1923
to 30th
September
1928.

10

DEFENDANTS' EXHIBIT D-20—1

PRICE, WATERHOUSE & CO.

145 St. James Street

(Dominion Express Building)

Montreal, Nov. 30, 1928.

20 To the Directors,
Sir Mortimer Davis, Incorporated,
Montreal.

Dear Sirs:

30 In accordance with your request we have prepared and attach
hereto a Summarized Statement of Profit & Loss for the four years
ending September 30, 1927 (Exhibit A) showing the figures of
Operating Profits referred to in our report of June 12, 1928, and the
profits from all sources for the period mentioned as shown by the
Certified Accounts of the Company. We have also prepared and
attach hereto a similar statement of Profit Loss for the five years
ending September 30, 1928 (Exhibit B).

We shall be glad to furnish you with any further information in
regard to these Statements that you may desire.

Yours very truly,

(Signed) PRICE, WATERHOUSE & Co.

40

Exhibits.
—
D-20.
Summarized
Statement
of Profit
and Loss
of Sir
Mortimer
Davis In-
corporated,
for five
years,
30th Sept-
ember 1923
to 30th
September
1928—con-
tinued.

DEFENDANTS' EXHIBIT D-20—EXHIBIT A
ESTATE SIR MORTIMER DAVIS, INCORPORATED

SUMMARIZED STATEMENT OF PROFIT & LOSS FOR THE FIVE YEARS ENDING SEPTEMBER 30, 1927

	Year ending September 30, 1923	Four Years ending September 30, 1927	Five Years ending September 30, 1927
Income from Investments in Stocks and Bonds.....	\$310,679.50	\$3,027,326.34	\$3,338,005.84
Income from Insurance Agency.....	4,894.05	9,609.53	14,503.58
Directors' Fees.....	9,774.99	13,024.98	22,789.97
Fees from Services rendered to other Corporations.....	—	60,000.00	60,000.00
Revenue from Federal Coals Property, less Supervision Expense.....	4,786.33	\$320,622.21	18,573.55
Deduct: Taxes and Expenses on Properties owned by Company in excess of Revenue.....	1,319.67	15,214.49	16,534.16
	\$319,302.54	3,118,046.24	3,437,348.78
Deduct: General Administration Expenses:—			
Salaries and Bonuses.....	28,813.39	186,473.36	215,286.75
Pensions.....	4,760.12	—	4,760.12
Directors' Fees.....	3,000.00	4,000.00	7,000.00
Office Rent and Taxes.....	7,009.00	26,426.75	33,435.75
Province of Quebec Companies Tax.....	5,030.00	5,420.00	10,450.00
General Office Expenses.....	2,553.61	18,983.69	21,537.30
Miscellaneous Expenses.....	705.63	—	705.63
Travelling Expenses.....	290.00	—	290.00
Legal Expenses.....	412.58	11,447.31	11,859.89
Donations.....	34,200.00	66,010.00	100,210.00
	86,774.33	318,761.11	405,535.44
	\$232,528.21	2,799,385.13	\$3,031,813.34
Deduct:			
Interest paid and accrued (net)—			
On Bank Loans & Overdraft.....	85,765.60	239,890.96	325,656.56
" Other Loans.....	27,768.10	220,993.20	248,761.30
" 6% Serial Notes.....	274,560.00	993,690.00	1,268,250.00
" Arrears of Interest Payments.....	25,380.00	372,016.19	397,396.19
Loss on Sterling Exchange.....	29,424.57	22,264.67	51,689.24
Depreciation of Office Furniture & Fixtures.....	2,990.34	1,789.68	4,780.02
Amortization of ".....	1,166.25	4,665.00	5,831.25
Canadian Exploration Syndicate Expense.....	5,012.23	16,601.69	21,613.92
Alberta Gold Mines Lease Expenses.....	—	30,163.05	30,163.05
	396,530.89	1,460,088.04	1,856,618.93
Add or Deduct:	\$164,002.68	*1,339,197.09	*1,175,194.41
Operating Profit.....			
Profits on Investments.....	296,889.07	1,138,058.29	842,669.22
Profit on Insurance Policies.....	—	35,485.01	35,485.01
	296,889.07	1,173,543.30	878,154.23
Balance of Profit or Loss transferred to Surplus Account.....	\$459,391.75	*\$2,512,740.39	*\$2,053,348.64

NOTE: The figures marked * include a Capital Stock Bonus of \$454,039.00 received from the Canadian Industrial Alcohol Co. Ltd., in 1927.

Exhibits.

D-20.
Summarized
Statement
of Profit
and Loss
of Sir
Mortimer
Davis In-
corporated,
for five
years,
30th Sept-
ember 1923
to 30th
September
1928—*con-
tinued.*

DEFENDANTS' EXHIBIT D-20—EXHIBIT B
SIR MORTIMER DAVIS, INCORPORATED

SUMMARIZED STATEMENT OF PROFIT & LOSS FOR THE FOUR YEARS ENDING SEPTEMBER 30, 1927

	1924	1925	1926	1927	Four Years ending September 30, 1927
Income from Investments in Stocks and Bonds.....	\$642,928.05	\$645,680.55	\$631,689.87	\$1,107,027.87	*\$3,027,326.34
Income from Insurance Agency.....	5,015.68	2,140.22	2,408.49	47.14	9,609.53
Directors' Fees.....	8,383.32	1,041.68	1,624.99	1,974.99	13,024.98
Fees for Services rendered to other Corporations.....	3,594.99	7,127.52	35,000.00	5,943.21	60,000.00
Revenue from Federal Coals Property, less Supervision Expense.....	\$659,922.04	\$680,989.97	\$677,355.51	\$1,114,993.21	\$3,133,260.73
Deduct: Taxes and Expenses on Properties owned by Company in excess of Revenue.....	3,142.92	2,962.10	5,103.38	4,006.09	15,214.49
Deduct: General and Administration Expenses:—					
Salaries and Bonuses.....	47,554.42	42,552.77	51,152.75	45,213.42	186,473.36
Directors' Fees.....	4,000.00	5,574.49	7,562.47	5,968.83	4,000.00
Office Rent and Taxes.....	7,320.96	130.00	130.00	130.00	26,426.75
Province of Quebec Companies Tax.....	5,030.00	4,717.01	4,222.03	4,365.92	5,420.00
General & Office Expenses.....	5,678.73	4,974.17	5,218.31	11,000.00	18,983.69
Legal Expenses.....	1,254.83	27,500.00	85,448.44	66,678.17	11,447.31
Donations.....	15,010.00	85,848.94	12,500.00	80,785.56	66,010.00
Deduct:	\$570,930.18	592,579.43	672,252.13	1,044,308.95	2,799,285.13
Interest paid and accrued (net)—					
On Bank Loans and Overdraft.....	\$107,342.73	104,984.64	31,865.25	4,301.66	239,890.96
On Other Loans.....	700,689.92	39,359.22	19,082.79	61,961.57	220,993.20
On 6% Serial Notes.....	248,490.00	248,400.00	248,400.00	248,400.00	993,690.00
On Arrears of Interest Payments.....	63,787.82	82,772.24	102,676.73	122,779.40	372,016.19
Loss on Sterling Exchange.....	518.99	22,264.67	424.19	382.52	22,264.67
Depreciation of Office Furniture & Fixtures.....	1,166.25	463.98	1,166.25	1,166.25	1,789.68
Amortization of Canadian Exploration Syndicate Expense.....	8,841.41	1,166.25	1,166.25	5,826.10	4,665.00
Alberta Gold Mines Lease Expenses.....	329,557.28	420,835.39	367,241.28	30,163.05	16,601.79
Operating Profit.....	\$241,372.90	171,744.04	224,225.29	701,854.86	* 1,339,197.09
Add or Deduct:					
Profits on Investments.....	6457,046.85	228,250.94	13,694.77	895,567.61	1,138,058.29
Profit on Insurance Policies.....	457,046.85	228,250.94	13,694.77	35,485.01	1,173,543.30
Balance of Profit or Loss transferred to Surplus Account.....	\$698,419.75	\$ 56,506.90	\$237,920.06	\$1,632,907.48	*\$2,512,740.39

Note: The figures marked * include a Capital Stock Bonus of \$454,039.00 received from the Canadian Industrial Alcohol Company Limited in 1927.

PLAINTIFFS' EXHIBIT P-196

SIR MORTIMER DAVIS INCORPORATED

**OPENING BALANCE SHEET OF SIR MORTIMER DAVIS INCORPORATED
AS AT 30TH SEPTEMBER, 1919**

Exhibits.
P-196.
Opening
Balance
Sheet of the
Incor-
porated
Company
prepared by
Geo. C.
McDonald,
C.A., and
details re
Capital
P. and L.
for following
ten years,
1919 to
1929.

ASSETS	
Investments at value arbitrarily placed thereon, as per schedule.....	\$11,473,290.00
Life insurance	2.00
Properties	56,794.60
10 S. Davis & Sons—Loan.....	222,984.09
	\$11,753,070.69
LIABILITIES	
Reserve—	
Re S. Davis	\$222,984.09
Excess Assets Valuation	907.64
	\$223,891.73
Loan from Union Bank of Canada	1,529,178.96
Twenty Year 6% Serial Notes	5,000,000.00
Capital Stock	5,000,000.00
	\$11,753,070.69

20

**SCHEDULE OF BOOK VALUE OF INVESTMENTS TAKEN OVER AT DATE OF
INCORPORATION AS AT 30TH SEPTEMBER, 1919**

	Name of Company	Class of Stock	No. of Shares	Book Value
	National Steel Car Co.	Pref.	50	\$ 5,000.00
	National Steel Car Co.	Com.	287	1.00
	S. Davis & Sons Ltd.	Com.	9,395	1,136,795.00
	H. Fortier & Co. Ltd.	Pref.	200	20,000.00
	Croesus Gold Mines Limited	Com.	9,000	9,000.00
	H. Fortier & Co. Ltd.	Com.	750	75,000.00
	Canadian Industrial Alcohol	Com.	41,000	4,100,000.00
	Dominion Reduction Co.	Com.	635,302	1,270,604.00
30	Imperial Tobacco Co. Ltd.	Com.	330,300	2,146,950.00
	Jacobs Asbestos Mining Co. Ltd.	Com.	4,980	996,000.00
	Corby Distillery Co. Ltd.	Com.	5,172	1,653,440.00
	Jacobs Asbestos Mining Co. Ltd.	Bonds		60,500.00
				\$11,473,290.00
	Investments in Stocks and Bonds at the values arbitrarily placed thereon at September 30th, 1919			
	Which is represented by:—			
	Capital issued		\$5,000,000.00	
	Twenty Year 6% Serial Notes		5,000,000.00	
				\$10,000,000.00

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SIR MORTIMER DAVIS INCORPORATED

**RECAPITULATION OF CAPITAL SURPLUS ACCOUNT AND PROFITS AND
LOSSES ON ACCOUNT OF CAPITAL FOR TEN YEARS TO
30TH SEPTEMBER, 1929**

DEBITS	
Dominion Reduction Co. Ltd.	\$1,270,603.00
Croesus Gold Mines Limited	8,999.00
Trans-Canada Theatres Limited	89,999.00

	Consolidated Asbestos Co. Limited	1,173,959.92	
	Union Bank of Canada	36,767.09	
	Jacobs Asbestos Co. Bonds (see contra)	5,500.00	
	Crescent Lorraine Silver Mining Co.	21,566.74	
	General Cigars Co. Ltd.	943,180.88	
	Newfoundland Oil Lands	10,684.40	
	Mason Valley Mines	2,614.00	
	Federal Coals (1922-3)	98,191.75	
	De Lamar Estate Notes	222,211.40	
	Property	5,750.00	
	Alberta Coals Property	25,000.00	
	Murray Property	10,677.90	
	Bluestone Mining and Smelting	543,260.00	
10	Imperial Tobacco Co. of Canada Com.	182,039.79	
	Re Loan S. Davis	64,596.29	
	H. Fortier & Co. Ltd.	67,500.00	
	Sundry Investments 1920	6,132.32	
	Insurance Policies reduced to Cash Surrender Value.....	95,986.50	
		<hr/>	\$ 4,885,219.98
	Distribution to Shareholders—September, 1924		3,250,000.00
			<hr/>
			\$ 8,135,219.98
	Balance		3,329,702.82
			<hr/>
			\$11,464,922.80

CREDITS

20	Surplus arising from the revaluation of Canadian Industrial Alcohol		\$ 8,311,981.29
	Profit on transactions in this Stock		1,430,333.10
			<hr/>
	Written up		\$ 9,742,314.39
	Surplus of Assets acquired over Purchase Consideration.....1919	\$ 907.64	
	S. Davis Loan transferred to Company under Agreement....1920	222,984.09	
	Corby Distillery Valuation	798,088.00	
	Corby Distillery Bonds	400.00	
	Profit on Sale of Federal Coals Property	490,000.00	
			<hr/>
			\$ 1,512,379.73

Exhibits.

P-196.
Opening
Balance
Sheet of
the Incorporated
Company
prepared by
Geo. C.
McDonald,
C.A., and
details re
Capital
P. and L.
for following
ten years,
1919 to
1929—con-
tinued.

30	Profits:—		
	Imperial Tobacco Co. of Canada Ltd. Bonds	\$ 39,893.43	
	Jacobs Asbestos Mining Co. Ltd. Bonds (see contra).....	5,500.00	
	Insurance (see contra)	164,408.71	
	Adjustment	426.54	
		<hr/>	210,228.68
			<hr/>
			\$11,464,922.80

40 RECONCILIATION OF CAPITAL SURPLUS ACCOUNT AS AT
30TH SEPTEMBER, 1929

	Balance:—		
	Capital Surplus as per Statement	\$ 2,842,503.37	
	Profit on Capital Account as per Statement	487,199.45	
		<hr/>	\$ 3,329,702.82
	Add—Excess Revenue as at 31st March, 1928		825,109.48
			<hr/>
	Amount at credit of Capital Surplus Account—30th September, 1929.....		\$ 4,154,812.30

SIR MORTIMER DAVIS INCORPORATED

RECAPITULATION OF PROFITS AND LOSSES ON ACCOUNT OF CAPITAL FOR
TEN YEARS TO 30TH SEPTEMBER, 1929, TRANSFERRED FROM PROFIT AND
LOSS ACCOUNT TO CAPITAL SURPLUS AS AT 30TH SEPTEMBER, 1929

Exhibits.
P-196.
Opening
Balance
Sheet of
the Incor-
porated
Company
prepared by
Geo. C.
McDonald,
C.A., and
details re
Capital
P. and L.
for following
ten years,
1919 to
1929—con-
tinued.

	PROFITS:—		
	Canadian Industrial Alcohol	\$ 1,430,333.10	
	Imperial Tobacco Co. of Canada Ltd. Bonds	39,893.43	
	Jacobs Asbestos Mining Co., Ltd. Bonds.....	5,500.00	
	Insurance	164,408.71	
10	Adjustment	426.54	
		<hr/>	
		\$ 1,640,561.78	
	Losses:—		
	Federal Coals Property	\$ 52,791.75	
	Federal Coals Stock	36,400.00	
	De Lamar Estate Notes	222,211.40	
	Property	5,750.00	
	Alberta Coal Property	25,000.00	
	Murray Property	10,677.90	
	Bluestone Mining	17,260.00	
	Imperial Tobacco Co. of Canada Ltd. Com.	182,039.79	
	General Cigars Ltd.	463,002.88	
	On Scales & Roberts Ltd.—H. Fortier & Co. Ltd.—re loan		
	S. Davis & Co.	64,596.29	
20	H. Fortier & Co. Ltd.	67,500.00	
	Sundry Investments—1920	6,132.32	
		<hr/>	
		\$ 1,153,362.33	
		<hr/>	
		\$ 487,199.45	
		<hr/>	

30

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Exhibits.
P-197.
Comparative Statement of Assets and Liabilities of the Incorporated Company (prepared by Geo. C. McDonald, C.A.), 1919 to 1929.

PLAINTIFFS' EXHIBIT P-197

SIR MORTIMER DAVIS INCORPORATED

STATEMENT OF ASSETS FOR THE TEN YEARS ENDING 30th SEPTEMBER

Assets—	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929
Investments in Stocks and Bonds	\$10,367,099.40	\$10,068,885.59	\$9,509,948.87	\$8,735,729.99	\$10,608,947.27	\$10,374,087.67	\$10,177,674.55	\$10,565,480.18	\$14,579,678.60	\$15,364,694.70
Properties	198,052.00	206,714.46	253,222.96	253,222.96	206,349.77	161,538.56	159,790.31	184,833.71	177,708.71	156,121.56
Life Insurance Policies	234,170.91	282,343.84	325,797.83	274,815.70	318,686.50	361,510.56	403,441.99	56,076.30	185,000.00	130,000.00
Loans and Interest accrued thereon	1,367,588.66	1,130,166.96	1,194,095.89	1,626,093.01	1,743,387.89	1,566,450.65	485,769.24	537,257.33	418,969.93	492,350.30
Call Loans	.....	.....	.....	.....	.....	.....	.....	400,723.28	880,000.00	880,000.00
Sir Mortimer B. Davis Advance	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Account	.....	171,707.49	252,564.79	151,231.43	1,841,076.33	158,234.58	406,031.68	1,748,962.90	.....	.....
Estate Late Sir Mortimer B. Davis.	.....	.....	.....	.....	.....	.....	.....	.....	230,368.27	941,649.32
Dividends declared and Bond Interest accrued	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Sundry Accounts Receivable—	2,360.21	1,660.01	1,650.00	1,890.00	240.00	1,650.00	.....	.....	.....	.....
O'Brien & Williams	532.15	2,604.46	2,306.00	18,363.08	17,785.92	43,370.89	6,287.59	3,707.70	23,144.50	24,040.34
Office Furniture	179.30	1,218.93	4,752.62	5,000.00	.....	.....	.....	7,484.30	.....	.....
Cash in Bank	6,657.62	13,411.85	1,103.91	.....	4,639.87	4,175.89	3,817.70	3,442.68	3,098.41	2,822.70
Cash held in trust in England by Union Bank of Canada and Accrued Interest	73,710.07	76,519.83	307,042.39	374,950.73	919,745.31	.....	.....	1,168,920.93	172,055.85	.....
Deferred Charges—	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Taxes prepaid and Unexpired Insurance	.....	.....	3,772.50	6,477.94	5,958.90	2,156.43	2,702.86	3,056.37	3,014.87	2,457.88
Pension prepaid	.....	.....	300.00	.....	.....	.....	.....	.....	.....	.....
Office Fixtures and Fittings, less proportion written off to date	.....	.....	21,743.40	20,992.66	19,926.41	18,660.16	18,827.91	17,373.66	15,919.41	14,705.16
Deferred Exploration Expenses.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Investments held in Trust by Montreal Trust Co.	77,500.00	72,900.00	72,900.00	72,900.00	.....	.....	.....	.....	.....	.....
Deficit Account	140,516.78	821,951.86	1,254,202.10	1,713,593.85	1,015,174.10	1,071,681.00	833,760.94	.....	.....	.....
	\$12,468,347.10	\$12,853,857.78	\$13,206,003.26	\$13,255,261.35	\$16,904,237.22	\$13,764,190.86	\$12,498,104.77	\$14,697,319.34	\$16,694,078.55	\$18,014,059.76

Exhibits.
P-197.
Comparative Statement of Assets and Liabilities of the Incorporated Company (prepared by Geo. C. McDonald, C.A.), 1919 to 1929—
continued.

PLAINTIFFS' EXHIBIT P-197—2
SIR MORTIMER DAVIS INCORPORATED

STATEMENT OF LIABILITIES FOR THE TEN YEARS ENDING 30th SEPTEMBER

	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929
Liabilities—										
Capital Stock	\$5,000,000.00	\$5,000,000.00	\$5,000,000.00	\$5,000,000.00	\$8,250,000.00	\$5,000,000.00	\$5,000,000.00	\$5,000,000.00	\$5,000,000.00	\$5,000,000.00
Less—Reduction .....	.....	.....	.....	.....	3,250,000.00	.....	.....	.....	.....	.....
Twenty-Year 6% Serial Notes— Mortgage—	5,000,000.00	5,000,000.00	5,000,000.00	4,152,000.00	4,140,000.00	4,140,000.00	4,140,000.00	4,140,000.00	4,140,000.00	4,140,000.00
On Federal Coals Property .....	.....	10,000.00	.....	.....	.....	.....	.....	.....	.....	.....
On St. James Street Property .....	.....	.....	50,000.00	.....	50,000.00	50,000.00	50,000.00	.....	.....	.....
Bank Loans and Overdrafts	1,616,820.78	1,756,104.67	1,683,762.75	1,472,607.74	2,034,171.60	1,613,189.30	45,717.77	.....	3,270,122.99	3,447,973.26
Accounts Payable—										
Interest Accrued on 6% Notes	300,000.00	600,000.00	900,000.00	995,940.00	1,297,967.82	1,629,140.06	1,970,503.99	2,319,237.50	101,771.50	283,030.90
Accrued Bank Interest, Rent, Taxes, etc.	39,863.99	32,641.27	33,946.20	23,569.18	41,228.92	2,539.00	1,750.00	.....	.....	.....
Sundry Accounts Payable	2,789.24	337.35	29,563.99	16,505.17	6,725.03	7,401.32	4,922.91	989.52	9,100.54	1,261.64
O'Brien & Williams Loan Ac- count (Secured) .....	.....	.....	51,955.83	.....	.....	65,527.33	18,481.25	.....	.....	.....
Directors' Fees Payable .....	.....	.....	2,000.00	3,000.00	.....	.....	.....	.....	.....	.....
Sir Mortimer B. Davis—Ad- vances	54,098.60	.....	.....	.....	.....	.....	.....	.....	.....	.....
Montreal Trust Co.—Investments deposited in trust	77,500.00	72,900.00	72,900.00	72,900.00	.....	.....	.....	.....	.....	.....
Reserve Account	377,274.49	381,874.49	381,874.49	1,468,739.26	.....	.....	.....	.....	.....	.....
Capital Surplus arising from re- valuation of Capital Assets .....	.....	.....	.....	.....	1,084,143.85	1,084,143.85	1,084,143.85	2,219,241.35	2,380,232.61	3,329,702.82
Net Excess Revenue to 31st March, 1928 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	825,109.48
Due to Shareholders in Respect of Purchase of Capital Stock—										
Sir Mortimer B. Davis .....	.....	.....	.....	.....	2,992,500.00	.....	.....	.....	.....	.....
H. M. Marler and H. B. Mc- Lean in trust .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
J. B. Waddell .....	.....	.....	.....	.....	162,500.00	172,250.00	182,585.00	193,704.43	205,501.03	.....
H. M. Marler .....	.....	.....	.....	.....	162,500.00	.....	.....	.....	.....	.....
Trust Deposit—Mr. and Mrs. S. Davis .....	.....	.....	.....	.....	32,500.00	.....	.....	.....	.....	.....
Surplus Account .....	.....	.....	.....	.....	.....	.....	.....	25,000.00	25,000.00	25,000.00
								799,146.54	1,562,349.88	961,951.66
	\$12,468,347.10	\$12,853,857.78	\$13,206,003.26	\$13,255,261.35	\$16,904,237.22	\$13,764,190.86	\$12,498,104.77	\$14,697,319.34	\$16,694,078.55	\$18,014,059.76

PLAINTIFFS' EXHIBIT P-198

SIR MORTIMER DAVIS INCORPORATED

HISTORY OF HOLDINGS IN CANADIAN INDUSTRIAL ALCOHOL CO. LTD.
SHOWING SHARES ON BASIS OF PRESENT DENOMINATIONS

Exhibits.
P-198.
Memo-
randa re
transactions
by the In-
corporated
Company in
Alcohol
Shares
(prepared
by Geo. C.
McDonald,
C.A.), 1920
to 1930.

CLASS " A "		
	Investment as at September, 1919.....	656,000 shares \$4,100,000.00
	Purchases to 30th September, 1929.....	218,699 " 3,331,074.14
10	Profits on Trading to 30th September, 1929.....	1,275,513.81
		<hr/>
		874,699 " \$8,706,587.95
	Sales to 30th September, 1929.....	378,399 " 7,091,032.24
		<hr/>
		496,300 " \$1,615,555.71
	Write-ups in book value to 30th September, 1929.....	\$8,412,610.53
	Write-offs in book value to September, 1929.....	102,166.24 8,310,444.29
		<hr/>
	Book value as at 30th September, 1929, of 496,300 shares.....	<u>\$9,926,000.00</u>

CLASS " B "		
20	Acquired—62,140 shares	\$1,245,863.00
	Sold — 6,060 "	270,819.29
		<hr/>
	56,080 "	\$ 975,043.71
	Profit on sale of 6,060 shares.....	149,619.29
		<hr/>
	Write-off in Book Value.....	\$1,124,663.00
		3,063.00
		<hr/>
	Book Value at 30th September, 1929, of 56,080 shares.....	<u>\$1,121,600.00</u>

30

SIR MORTIMER DAVIS INCORPORATED

RECAPITULATION OF TRANSACTIONS RE INVESTMENT IN CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED—SEPTEMBER, 1919, TO 28TH FEBRUARY, 1930, INCLUDING PROVISIONS FOR REDUCTION TO MARKET VALUE AS AT 30TH SEPTEMBER, 1929, AND 28TH FEBRUARY, 1930.

Year ending 30th September	Dividends Credited Revenue	Profit on Sales	Write-up in Value to Cap- ital Surplus	Loss on Sales	Write Down in Value	Net Total
1920	39,420.60				72,900.00	39,420.60
1921						
40 1922						
1923	224,400.75		1,994,247.03	180,160.19		2,038,487.59
1924	609,960.23	479,814.73	4,042,416.00			5,132,190.96
1925	624,987.55	47,342.26				672,329.81
First quarter of 1926	154,000.00	2,048.69				156,048.69
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$1,652,769.13	\$ 529,205.68	\$6,036,663.03	\$180,160.19	\$ 72,900.00	
						<hr/>
	Total for period September, 1919, to 1st January, 1926.....					<u>\$7,965,577.65</u>

Three-quarters of 1926	461,777.60	6,146.08			467,923.68
1927	1,090,562.20	895,567.61	1,135,097.50		3,121,227.31
1928	768,080.44	179,573.92	1,240,850.00		2,188,504.36
1929	974,994.26			27,729.24	947,265.02
1929				1,273,000.00	1,273,000.00
Oct., 1929	209,904.40				209,904.40
Jan., 1930	209,904.40				209,904.40
Mar., 1930				5,411,640.00	5,411,640.00
	<u>\$3,715,223.30</u>	<u>\$1,081,287.61</u>	<u>\$2,375,947.50</u>	<u>\$6,712,369.24</u>	

10 Total for period 1st January, 1926, to 1st March, 1930..... \$ 460,089.17

SIR MORTIMER DAVIS INCORPORATED

TRANSACTIONS CONNECTED WITH THE INVESTMENT IN CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED FROM 1ST SEPTEMBER, 1919, TO THE 28TH FEBRUARY, 1930, INCLUDING PROVISION FOR REDUCTION TO MARKET VALUES AS AT 30TH SEPTEMBER, 1929, AND 28TH FEBRUARY, 1930.

FIRST PERIOD—1st September, 1919, to 1st January, 1926

20	Dividends credited Revenue.....		1,652,769.13	
	Profit on Sales.....	529,205.68		
	Less—Loss on Sales.....	180,160.19	349,045.49	
	Write-up in Book Value.....	6,036,663.03		
	Less—Write-off	72,900.00	5,963,763.03	
	Total returns and increment for period.....			7,965,577.65

SECOND PERIOD—1st January, 1926, to 28th February, 1930

30	Dividends credited Revenue.....		3,715,223.30	
	Profit on Sales.....		1,081,287.61	
	Write-up in Book Value.....	2,375,947.50		
	Less—Write-off	27,729.24	2,348,218.26	
				7,144,729.17
	Deduct—Amount to equalize with Market Value			
	—30th September, 1929.....	1,273,000.00		
	Additional to 28th February, 1930.....	5,411,640.00	6,684,640.00	
	Net result for the period.....			<u>\$ 460,089.17</u>

Exhibits.
—
P-198.
Memo-randa re transactions by the Incorporated Company in Alcohol Shares (prepared by Geo. C. McDonald, C.A.), 1920 to 1930—*continued.*

PLAINTIFFS' EXHIBIT P-43—1

Montreal, February 10, 1928.

Exhibits.
P-43.
Cash State-
ment for-
warded to
Sir Mortim-
er Davis
re his
personal
accounts
and those
of the In-
corporated
Company,
January-
February
1928.

SIR MORTIMER B. DAVIS

In Account with

SIR MORTIMER DAVIS, INCORPORATED

				Days to Jan. 31, 1928	Int. at 6% p.a.
10	1927	Dec. 31 To Balance Nov. 30, 1927.....	\$2,033,651.61		
		Drawings December.....	105,999.22		
			<u>\$2,139,650.83</u>	31	\$10,903.42
		Int. Oct., Nov. and Dec.....	29,264.02		
			<u>\$2,168,914.85</u>		
	1928	Jan. 2 To Mrs. Paula Davis.....	300.00		
		Mrs. Virginia Vehon.....	100.00		
		Mrs. Celia Cohen.....	100.00		
		F. G. Allen, St. Agathe.....	150.00	650.00	29 3.10
		Morgan Trust Co.....		509.30	27 2.26
20	6	Sir F. Williams-Taylor for Anti- Tuberculosis & General Health League.....		5,000.00	25 20.5
	7	A. Nathan.....	89.24		
		Mrs. E. O'Grady.....	80.00	169.24	24 .67
	10	M. H. Davis, N.Y. dft. \$800.....		802.00	21 2.77
	16	Mt. Royal Ave. Property, D. Nachfolger, allowance for can- cellation of lease.....	1,000.00		
		LESS rent to May 1st.....	120.00	880.00	15 2.17
	20	Smith Marble & Construction Co. G. W. Reed & Co.....	428.00		
		Robert Lewis.....	1,242.65		
		W. T. Wilmore, re horse, N.Y. Draft \$390.50.....	391.70	2,245.60	11 4.06
30	31	Mrs. M. E. Davis.....	600.00		
		Mrs. Lily D. Cochran.....	416.66		
		Mrs. M. D. Cowan.....	400.00		
		Mrs. S. Davis.....	416.66		
		M. E. Davis.....	325.00		
		Sundries, House a/c.....	1,138.77		
		Mt. Royal Ave. Property:			
		N. D. Barclay & Co.....	60.30		
		Meredith, Holden & Co.....	369.10		
		Cadwalader, Wickersham & Taft. Newcombe & Co.....	52.80		
		Norman Guthrie.....	101.15	3,905.44	
			25.00		
40				<u>2,183,076.43</u>	<u>10,939.00</u>
		CREDITS			
	Jan. 3	By Mt. Royal Ave. Property:			
		N. Beecher, Rent.....	50.00	28	.23
		H. Yale.....	45.00	28	.21
		D. Nachfolger.....	40.00	28	.19
	6	Wm. Allen.....	65.00	25	.27
	7	J. Torchin.....	55.00	24	.22
		G. Grandperrin.....	60.00	24	.24
	16	L. Presner.....	50.00	15	.12
	17	W. T. Bennett.....	50.00	14	.12

Jan. 11	Wolf Advertising Co.....	750.00	20	2.46
	Exchange do .....	.95	20	
31	M. B. Davis, Jr., a/c Gavin Electric Co.....	6.50		
		<u>1,172.45</u>		<u>4.06</u>
Jan. 31	To Interest			
		2,181,903.98		\$10,934.94
		<u>10,934.94</u>		
Jan. 31	To Balance			
		<u>\$2,192,838.92</u>		
MEMO: RE MT. ROYAL AVE. PROPERTY:				
	Payments to Dec. 31, 1927.....	\$105,636.10		
	do January net.....	894.40		
10	Total to Jan. 31, 1928.....	<u>\$106,530.50</u>		

PLAINTIFFS' EXHIBIT P-43—2

Montreal, February 10th, 1928

SIR MORTIMER B. DAVIS

20 MEMO OF PAYMENTS FOR HOUSEHOLD AND PERSONAL EXPENSES MADE BY SIR MORTIMER DAVIS, INCORPORATED, DURING JANUARY, 1928

Exhibits.
P-43.
Cash Statement forwarded to Sir Mortimer Davis re his personal accounts and those of the Incorporated Company, January-February 1928—continued.

Jan. 2	F. G. ALLEN, Ste. Agathe.....		\$	150.00
4	MORGAN TRUST CO., packing and shipping furniture.....			509.30
20	ACCOUNTS APPROVED BY MR. CAMERON RE WORK AT 516 PINE AVE. W.:			
	SMITH MARBLE & CONSTRUCTION Co., repairing tile work in conservatory.....	428.00		
	GEO. W. REED & Co., laying plastic in conservatory and roof of tunnel.....	183.25		
	ROBT. LEWIS, pointing stonework, tunnel waterproofing and conservatory repairs, also repairs to iron railing.....	<u>1,242.65</u>		1,853.90
31	STANFORDS LTD. Dec. a/c.....	3.45		
	ICE MFG. CO. LTD. do .....	.35		
	WALTER PAUL LTD. do	4.88		
	GEO. COSSAR, carting rubbish, Dec. and Jan.....	20.50		
	HY. BIRKS & SONS, Dec. 9, valuing silver.....	5.00		
	BELL TELEPHONE Co., Jan. a/c:			
	Up. 6005 exchange.....	\$ 3.25		
	1749 "	6.95		
	3712 "	3.65		
	7715 "	3.45		
	3712 long distance.....	.80		18.10
	MONTREAL LIGHT, HEAT & POWER Co.:			
	3581 Peel St., Oct. 17—Dec. 20.....	\$16.47		
	3579 do	23.32		
	516 Pine Ave. W.....	<u>23.17</u>		62.96
40	ELIAS ROGERS COAL Co., Inv. Dec. 21 and 22.....	187.50		
	S. HYMAN, LTD., cigars to G. W. Taylor, Ottawa.....	34.00		
	RITZ CARLTON HOTEL, N.Y., Oct. 13 and 14.....	635.03		
	CAN. JEWISH CHRONICLE, Subs., 1928.....	4.00		
	DR. D. H. BALLON.....	10.00		
	MONTREAL HUNT, Subs. 1928.....	75.00		
	MONTREAL BOARD OF TRADE, Subs. 1928.....	15.00		
	P. OF QUE. ASSN. PROTECTION OF CRUELTY TO ANIMALS, Subs.....	3.00		
	JEWISH THEOLOGICAL SEMINARY OF AMERICA, Dues, 1928.....	55.00		
	P. OF QUE. FISH & GAME, Subs.....	<u>5.00</u>		1,138.77

Exhibits.
 P-43.
 Cash Statement forwarded to Sir Mortimer Davis re his personal accounts and those of the Incorporated Company, January-February 1928—continued.

ACCOUNTS APPROVED BY MEREDITH, HOLDEN & Co.:		
	CADWALADER, WICKERSHAM & TAFT, N. Y.	52.80
	NEWCOMBE & Co., Ottawa.....	101.15
	NORMAN GUTHRIE.....	25.00
		<u>178.95</u>
		\$3,830.92
	CREDIT:	
Jan. 31	M. B. DAVIS, JR., a/c Gavin Electric Co.....	6.50
		<u>\$3,824.42</u>

10

PLAINTIFFS' EXHIBIT P-43—3

SIR MORTIMER B. DAVIS

CASH STATEMENT—PERSONAL ACCOUNT

FEBRUARY, 1928

	Jan. 31	To Balance at credit.....	\$ 14,728.55
20	Feb. 4	To Standard Gas & Electric Co.:	
		200 shrs. sold at 64½.....	12,857.00
		Exchange on N. Y. funds do.....	16.07
	Feb. 3	By Harper, Szlapka & Harper, cheque dated	
		Jan. 19/28.....	6,000.00
	4	Howard Clark, cheque Dec. 9.....	125.00
		do " Dec. 25.....	120.00
		do " Jan. 1.....	125.00
	7	Turtill & Lloyd, cheque, Jan. 16.....	139.50
	8	Canadian Bank of Commerce, balance of	
		Demand Note.....	135,000.00
30	28	Bank of Montreal, St. Agathe, on Farm a/c	1,000.00
	28	Interest on Demand Loan.....	266.26
		do Overdraft.....	414.66
			<u>680.92</u>
	29	To BALANCE, OVERDRAFT.....	115,588.80
			<u>\$143,190.42</u>
			<u>\$143,190.42</u>

MEMO: As there is no longer a Stamp Tax on Overdrafts, have had balance of Demand Note charged up to Current Account and Overdraft now shows total due Bank.

40

	STOCKS HELD BY BANK		VALUE AT MARKET, FEB. 7/28
	2420 Liggett & Myers.....	110.	\$266,200.00
	4½ Standard Gas.....	62.	263.50
			<u>\$266,463.50</u>
	Showing an Equity of.....		<u>\$150,874.70</u>

PLAINTIFFS' EXHIBIT P-43—4

SIR MORTIMER B. DAVIS

MEMO RE BAMBERGER BROS. ACCOUNT

1928			
Feb.	1	By Balance at their credit	\$1,069,267.82
	29	Interest at 5½% to March 1/28	4,737.45
10	Mar.	1 By BALANCE AT THEIR CREDIT	<u>\$1,074,005.27</u>

AGAINST ABOVE THEY HOLD:		VALUE AT MARKET MAR. 7/28	
7400	Liggett & Myers	110.	\$ 814,000.00
2000	Victor Machine	70.	140,000.00
5000	Tobacco Products	109.	545,000.00
500	Scrip A for United Cigar Stores	25.	12,500.00
			<u>\$ 1,511,500.00</u>
Showing an Equity of			<u>\$ 437,949.73</u>

20

MEMO: Under date of March 6th, Bamberger Bros. advise having purchased for your account an additional 2,000 shares Victor Machine at \$70½ to \$71.

PLAINTIFFS' EXHIBIT P-43—5

SIR MORTIMER B. DAVIS

CASH STATEMENT—FEBRUARY, 1928

Exhibits.
—
P-43.
Cash State-
ment for-
warded to
Sir Morti-
mer Davis
re his
personal
accounts
and those
of the In-
corporated
Company,
January-
February
1928—con-
tinued.

30	Jan. 31	To Balance	\$264,721.76
	Feb. 29	To Dividend Harbens Ltd. £592	\$ 2,888.96
		Directors' Fees, Can. Industrial Alcohol Co.	41.67
		Sir Mortimer B. Davis a/c:	
		Rentals, Mt. Royal Ave. Property	450.00
		Rents, royalties, etc.	<u>2,461.14</u>
			5,841.77
	Feb. 29	By Sir Mortimer B. Davis:	
		Pensions	\$3,629.31
		House and Personal	2,246.88
		M. H. Davis	1,500.00
		Mt. Royal Ave. Property	<u>4,550.81</u>
			11,927.00
40		Anglo-Scottish Amalgamated Corp.:	
		5,000 shares £4,836/17/6	23,630.13
		Union Cigar Co., 1st instal. on 10,000 shares.	20,043.75
		Can. Industrial Alcohol Co. stock:	
		965 shares	35,045.75
		Rights for 1,000 shares	<u>12,720.00</u>
			47,765.75
		Sudbury Mine	2,731.72
		Interest on Bank Loan, N.Y.	9,034.46
		M. B. Davis, Jr.	14.85

Exhibits.
 P-43.
 Cash Statement forwarded to Sir Mortimer Davis re his personal accounts and those of the Incorporated Company, January-February 1928—continued.

	Salaries	2,291.67	
	Sundries, including rent, light, telegrams, etc.	7,195.21	
			<u>\$124,634.54</u>
Feb. 29	By BALANCE		145,928.99
			<u>\$270,563.53</u>
			<u>\$270,563.53</u>
	MEMO:		
	Balance as above	\$145,928.99	
	Interest accrued on Current a/c	1,002.91	
10			146,931.90
	Call Loans	850,000.00	
	Interest accrued on Call Loans	3,714.46	
			853,714.46
	TOTAL CASH AND ON CALL		<u>\$1,000,646.36</u>

PLAINTIFFS' EXHIBIT P-43—6

SIR MORTIMER DAVIS, INCORPORATED

20

RECEIPTS—JANUARY, 1928

	SUNDRY ACCOUNTS RECEIVABLE REDUCED BY	\$ 2,679.55
	LOANS ON McNISH DEBENTURES	34.86
	OFFICE FIXTURES ACCOUNT	24.00
	REVENUE ACCOUNTS:	
	Can. Ind. Alcohol Co., dividend January	\$188,608.44
	Crown Trust Co. do	309.22
	Federal Coals Property Royalty	685.43
	Directors' Fees	416.66
30	St. James St. Building, a/c rental	20.00
	Insurance Income a/c	14.01
	McNish Debentures, interest accrued	12,360.65
	Interest	14,754.90
		<u>217,169.31</u>
	INTEREST ACCRUED:	
	On Serial Notes	31,849.12
	On Am't due Shareholders re Trust a/c	968.52
		<u>32,817.64</u>
		<u>\$252,725.36</u>

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PLAINTIFFS' EXHIBIT P-43—7

SIR MORTIMER DAVIS, INCORPORATED

DISBURSEMENTS AND ACCRUED CHARGES—JANUARY, 1928

SIR MORTIMER B. DAVIS, CURRENT ACCOUNT:

Payments during January and accrued interest

\$ 23,924.07

Exhibits.
 —
 P-43.
 Cash Statement forwarded to Sir Mortimer Davis re his personal accounts and those of the Incorporated Company, January-February 1928—continued.

	CASH AND CALL LOANS	Increased by.....	161,390.25
	O'BRIEN & WILLIAMS	do	118.85
	LOANS AND INTEREST ACCRUED	do	270.18
	MORTIMER B. DAVIS, JR.	.....	6.50
	CANADIAN BANK OF COMMERCE, Loan account reduced by.....		19.77
	ACCOUNTS PAYABLE	do	100.00
	DIVIDEND ACCRUED ON MCNISH DEBENTURES.....		12,942.62
	EXPENSE ACCOUNTS:		
	319 Peel St., Expense a/c.....		199.95
10	Salaries.....		2,741.04
	General Expenses.....		293.74
	Rent & Taxes.....		412.49
	Travelling Expenses.....		39.87
	Federal Coals Property (including allowance re flood loss, \$500).....		955.30
	Donations.....		2,750.00
			<hr/>
			7,392.39
	Alberta Oil Lands.....	\$ 2,531.67	
	Sudbury Mine.....	3,270.04	
			<hr/>
			5,801.71
20	Interest Mr. and Mrs. Davis Trust.....	125.00	
	do Bank Loans.....	8,784.90	
	do Serial Notes.....	31,849.12	
			<hr/>
			40,759.02
			<hr/>
			53,953.12
			<hr/>
			<u>\$252,725.36</u>

30

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Exhibits.
P-43.
Cash Statement forwarded to Sir Mortimer Davis re his personal accounts and those of the Incorporated Company, January-February 1928—*continued.*

PLAINTIFFS' EXHIBIT P-43—8
SIR MORTIMER DAVIS, INCORPORATED

ASSETS		LIABILITIES		
INVESTMENTS:	Trial Balance Jan. 31, 1928	Trial Balance Jan. 31, 1928	Trial Balance Dec. 31, 1927	Differences
Can. Industrial Alcohol Co., Ltd.:				
Jan. 31—496,340 shrs. average	\$ 17.55			
Dec. 31		\$ 8,711,158.06	\$ 5,000,000.00	\$ 3,711,158.06
Robt. McNish & Co. Ltd.:				
494,426 debentures at \$4.50	2,224,917.00	2,219,241.35	\$ 7,219,241.35	\$ 5,000,000.00
Other Stocks	2,175,943.31	2,175,943.31	4,140,000.00	1,964,056.69
Properties	13,112,018.37	13,112,018.37	25,000.00	11,892,018.37
Loans and Accrued Interest	184,833.71	184,833.71	196,609.99	11,776.28
	538,321.40	538,081.22	2,340,526.73	1,802,205.33
Life Insurance Policies	\$13,835,173.48	\$13,824,903.30	2,340,526.73	19,660.48
Loans Secured by McNish Debentures	56,076.30	56,076.30	196,609.99	140,533.69
Dividends Accrued on McNish Debentures	106,429.75	106,464.61	2,340,526.73	2,234,057.03
O'Brien & Williams	32,381.55	19,438.93	2,340,526.73	12,942.62
Mortimer B. Davis, Jr.	214.83	95.98	2,340,526.73	118.85
Sundry Accounts Receivable	1,897.41	1,890.91	2,340,526.73	6.50
Cash and Accrued Interest	14.30	2,693.85	2,340,526.73	2,679.55
Call Loans	1,115,340.35	953,950.10	2,340,526.73	161,390.25
Office Furniture	3,442.68	3,442.68	2,340,526.73	2,000.00
Fixtures, Less Proportion Written Off	17,277.66	17,301.66	2,340,526.73	24.00
Expense Accounts	15,168,248.31	14,996,258.32	2,340,526.73	171,989.99
Oil and Other Exploration	\$ 28,473.08	\$ 17,751.99	2,340,526.73	10,721.09
Interest	151,366.90	143,638.85	2,340,526.73	7,728.05
	\$15,365,840.28	\$15,139,897.17	\$225,943.11	\$225,943.16

\$15,365,840.28
\$15,139,897.17
\$225,943.11

Exhibit Group No. 36: Miscellaneous Memoranda, Charts,
Correspondence, Etc.

Exhibits.

P-195.

Memo-
randum of
Geo. C.
McDonald,
C.A., *re*
interview
with Lord
Shaugh-
nessy con-
cerning the
affairs of the
Estate,
25th July
1929.

PLAINTIFFS' EXHIBIT P-195

Thursday, July 25th, 1929.

10 MEMORANDUM OF AN INTERVIEW RE ESTATE LATE SIR
MORTIMER DAVIS—AND—SIR MORTIMER DAVIS INC.

I was approached by Mr. George Montgomery to act as a Director of Sir Mortimer Davis Inc. I found that the situation was that, with the exception of the Pine Avenue house and a few other assets, practically all of Sir Mortimer Davis' interests were held in Sir Mortimer Davis Inc. In the course of considering the question of my appointment I had occasion to interview Lord Shaughnessy who is an executor of the Estate together with Lady Davis and Mr. Reaper. These three are also Directors of Sir Mortimer Davis Inc. It is Lady
20 Davis' wish that I should be appointed a Director in addition to herself and possibly also Mr. Waddell who has a 5% interest in Sir Mortimer Davis Inc.

In the course of my interview with Lord Shaughnessy he explained to me that the succession duties and legacies of the Estate would involve the funds of the Company to such an extent for several years that there was very little likelihood of there being any money for reinvestment. By the terms of the Will after paying certain annuities the revenue of the estate was 50% to Lady Davis and 50%
30 to Mortimer Davis. Lord Shaughnessy stated that he and Mr. Reaper, while quite willing to accept me as a Director of the Company in lieu of Lady Davis, was most emphatically unwilling to have both on. He explained the technical difficulties with regard to the appointment being made at the annual meeting and so on but admitted that if those interested wished they could, of course, amend the by-laws to take any action that might be necessary in regard to increasing the number of directors.

In discussing the policy of the executors and the directors of the company Lord Shaughnessy intimated that the late Sir Mortimer
40 Davis had certain plans for the development of Sir Mortimer Davis Inc. These plans included investing money in industrial enterprises. I asked Lord Shaughnessy if he did not think that the death of Sir Mortimer Davis brought about a different situation for the directors of Incorporated Company, intimating that it seemed to me that the Incorporated Company should disburse all its revenue to its shareholders. Lord Shaughnessy did not agree that this was the case. He thought that the executors of the Estate would have to distribute

all the revenue they received but the directors of Sir Mortimer Davis Inc., if carrying out Sir Mortimer Davis' policy would be entitled to, after paying reasonable dividends, invest surplus revenue in new enterprises and extension of other enterprises in which the Company was interested. I asked him if the Income Tax Department were treating Sir Mortimer Davis Inc., as a personal corporation. He said that they were trying to for the period during Sir Mortimer's life but that there was a question as to the propriety of this action, as Sir Mortimer during the last few years had been a resident of France.

Exhibits.

10

P-195.
Memo-
randum of
Geo. C.
McDonald,
C.A., re
interview
with Lord
Shaugh-
nessy con-
cerning the
affairs of the
Estate,
25th July
1929—con-
tinued.

With regard to the present status of the corporation apparently the matter has not yet been taken up with the Income Tax Department. In discussing the matter of the interest Lord Shaughnessy stated that the question of investing surplus revenue would not arise for several years as the bank loans would absolve a large portion of the company's revenue for some time. He further stated that it was his hope to sell as soon as a favourable market was obtained certain of the shares of the Alcohol Company and invest the proceeds in such a manner as to produce revenue of say $5\frac{1}{2}\%$.

20

At the conclusion of my interview I reported the substance thereof to Mr. G. H. Montgomery and on the following day to Lady Davis. Matters were then left pending Lady Davis taking the matter up with Lord Shaughnessy.

30

4)

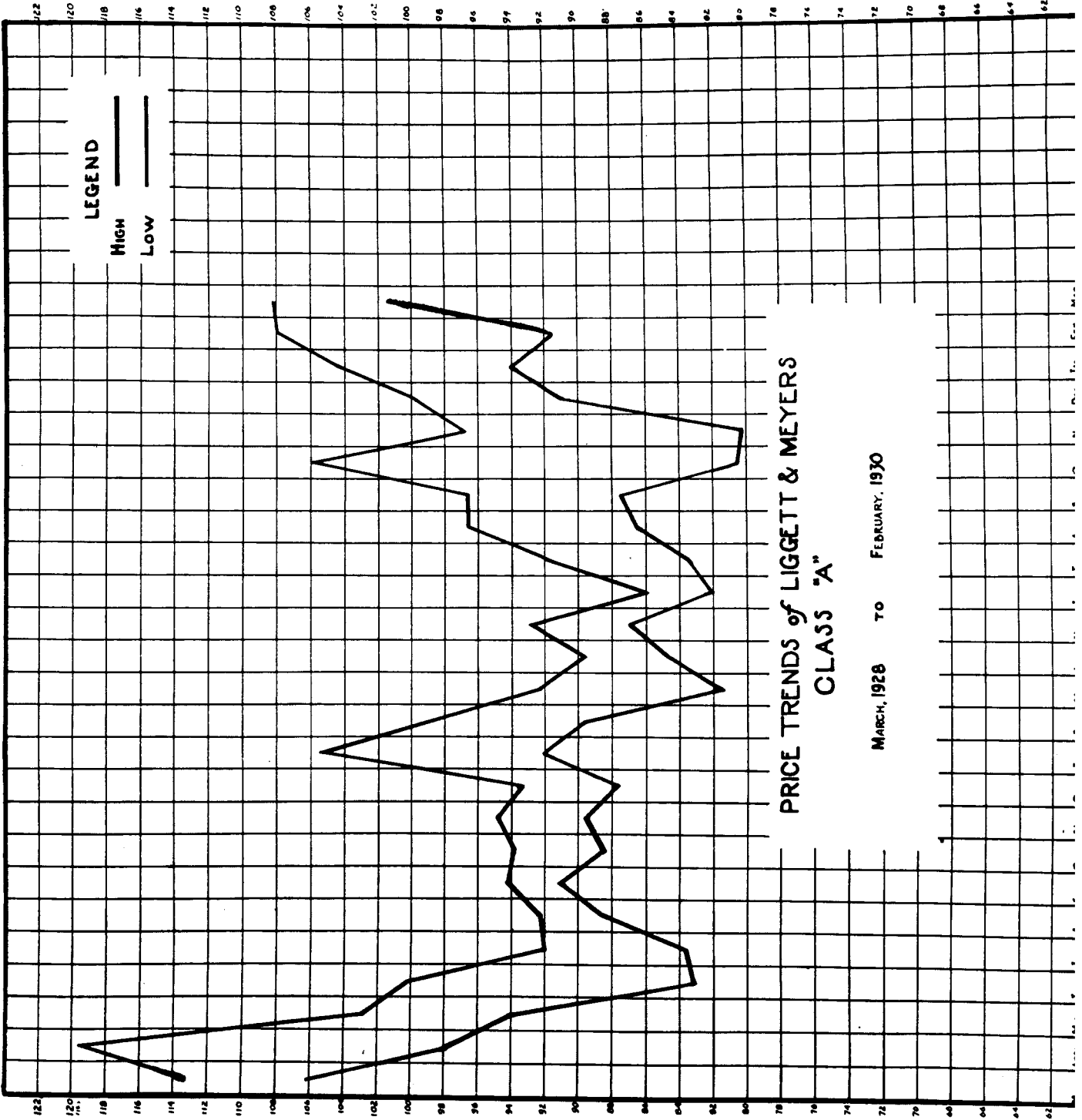
PLAINTIFFS' EXHIBIT P-187

VALUATION OF 3300
SHARES HELD
BY ESTATE

396,000
387,400
382,800
376,200
369,400
363,000
356,400
349,600
343,200
336,400
330,000
323,400
316,800
310,200
303,600
297,000
290,400
283,800
277,200
270,600
264,000

P-187

Exhibits.
P-187.
Chart
showing
price trend
(High and
Low) of
Class "A"
Shares of
Liggett &
Myers, and
effect of
same on
holdings of
the Estate,
March 1928
to February
1930.



PRICE TRENDS of LIGGETT & MEYERS
CLASS "A"

MARCH, 1928 TO FEBRUARY, 1930

LEGEND

High

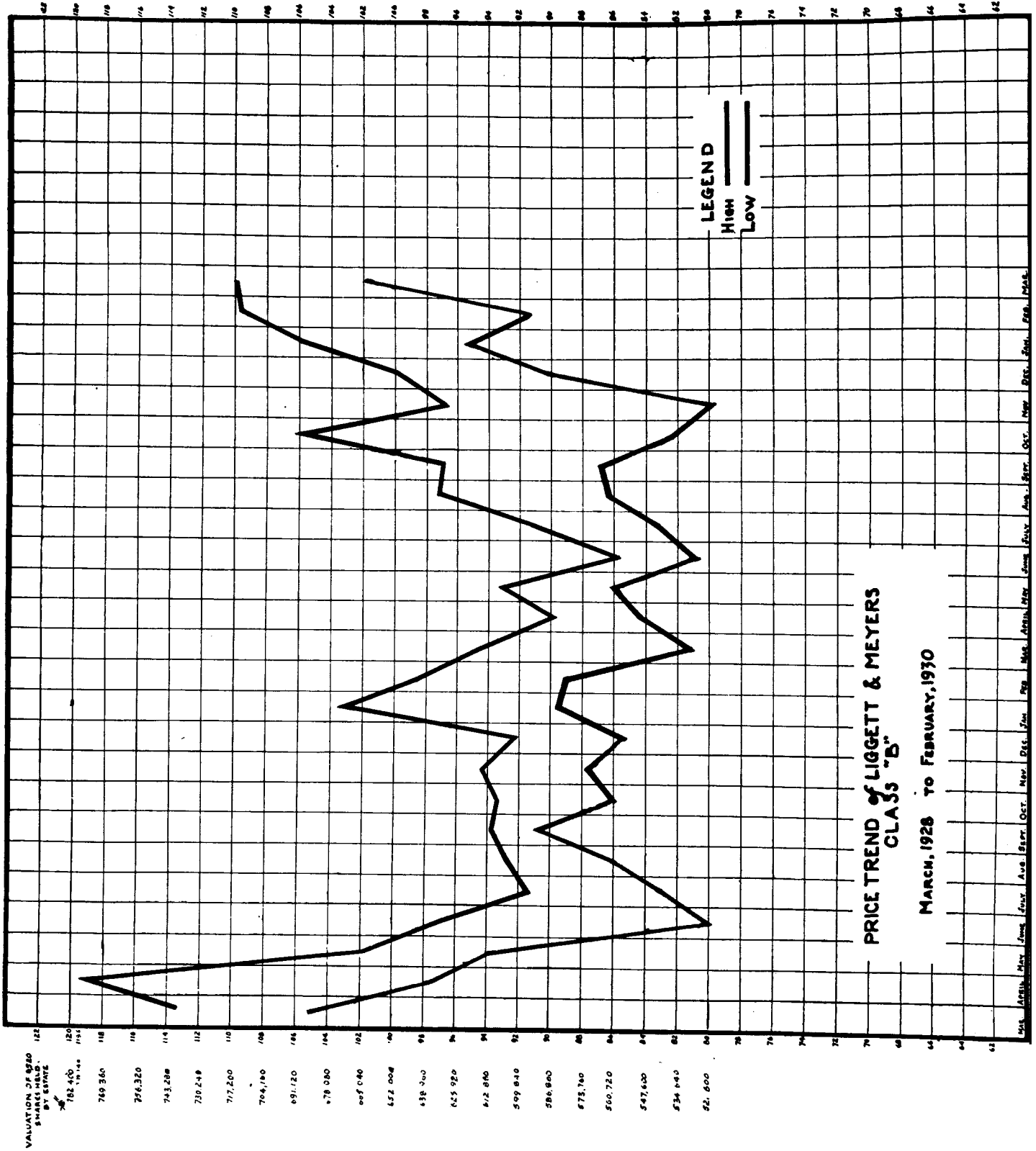
Low

PLAINTIFFS' EXHIBIT P-188

Exhibits.

P-188.

Chart showing price trend (High and Low) of Class "B" Shares of Liggett & Myers, and effect of same on holdings of the Estate, March 1928 to February 1930.



PRICE TREND of LIGGETT & MEYERS CLASS "B" SHARES

MARCH, 1928 TO FEBRUARY, 1930

VALUATION OF SHARES BY SERVICE

- 122 182,400
- 120 178,400
- 118 749,360
- 116 776,320
- 114 743,200
- 112 730,240
- 110 717,200
- 108 704,160
- 106 691,120
- 104 678,080
- 102 665,040
- 100 652,000
- 98 638,960
- 96 625,920
- 94 612,880
- 92 599,840
- 90 586,800
- 88 573,760
- 86 560,720
- 84 547,680
- 82 534,640
- 80 521,600

Mar. 1928 Apr. 1928 May 1928 Jun. 1928 Jul. 1928 Aug. 1928 Sep. 1928 Oct. 1928 Nov. 1928 Dec. 1928 Jan. 1929 Feb. 1929 Mar. 1929 Apr. 1929 May 1929 Jun. 1929 Jul. 1929 Aug. 1929 Sep. 1929 Oct. 1929 Nov. 1929 Dec. 1929 Jan. 1930 Feb. 1930

PLAINTIFFS' EXHIBIT P-244

Exhibits.
P-244.
Stub of
Lady Davis'
cheque book
correspond-
ing with
cheque,
Exhibit
P-243,
5th May
1928.

	Page from Stub of Lady Davis' check book.	
	Bal. \$217,320.78	
	No. 5, Date May 5, 1928	
	In favor of Sir Mortimer Davis Inc.	\$28,638.20
	No. 6, Date, May 5th, 1928.	
10	In favor of Ritz Carlton bill	249.29
		<hr/>
		\$28,887.49
		217,320.78
		<hr/>
	bal.	186,433.29

20

PLAINTIFFS' EXHIBIT P-243

No. 561 Montreal, Que., May 5, 1928.

P-243.
Cheque of
Lady Davis
to order of
Incor-
porated
Company,
5th May
1928.

THE CANADIAN BANK OF COMMERCE,
460 St. Catherine St. West

Pay Sir Mortimer Davis, Inc., or order, Twenty-eight thousand
Six hundred Thirty-eight.20 Dollars.

30 \$28,638.20

ELEANOR DAVIS

Endorsed—Sir Mortimer Davis Incorporated.

DEFENDANTS' EXHIBIT D-108

D-108.
Lady Davis'
Memo-
randum of
dates of
interviews,
June to
August
1929.

40

MEMO RE INTERVIEWS BY LADY DAVIS, &c.

- Jun. 24 Mon.—Cons. G.H.M.
- Jun. 27 Thur.—1st meeting, Lord S.
- July 4 Thur.—Reaper interview.
- July 5 Int. Mr. Donaldson (G.H.M.).

Exhibits.

—
D-108.
Lady Davis'
Memo-
randum of
dates of
interviews,
June to
August
1929—con-
tinued.

- July 5 Fri.—Phone Sh. for representative on board.
- July 6 Sat.—Phone refusing Don. Sh. asks for interview.
- July 9 Tus.—Sacred trust interview.
- July 11 Thur.—G.H.M. saw Lord Sh. Donaldson definitely refused.
McDonald brought in picture.
- 10 July 24 Wed.—Sh. agreed to McD. Letter same day.
- July 25 Thur.—McD. saw Lord Sh. By phone, S. suggested resign.
- Aug. 8 Thur.—G.H.M. final int. (deadlock).
- Aug. 8 Thur.—Lady D. threatened invoke Court.

20

PLAINTIFFS' EXHIBIT P-48

July 25, 1929

Messrs. H. Joseph & Co.,
220 St. Sacramento St.,
Montreal, Que.

P-48.
Letter
to Henry
Joseph from
Lord
Shaugh-
nessy,
25th July
1929.

Dear Sirs,

30

As our real estate is not listed with any agent or agency exclu-
sively, we are at liberty to consider any offer which may be brought
before us and are of opinion that our interests would be best served
if there were no "For Sale" signs displayed.

We would, therefore, be obliged if you would kindly have the
signs you now have up at the residence corner Pine Ave. and Peel
St., and at Ste. Agathe removed at your earliest convenience.

40

Yours very truly,

ESTATE SIR MORTIMER B. DAVIS,
SHAUGHNESSY,
Executor.

PLAINTIFFS' EXHIBIT P-49 (a)

H. JOSEPH & CO., INC.

16 St. Sacrament St.,

Montreal, June 28, 1928.

Exhibits.

P-49 (a).

Letter
to A. M.
Reaper
from Henry
Joseph &
Co.,
28th June
1928.

10 A. W. Reaper, Esq.,
Estate Late Sir M. B. Davis,
Canada Cement Bldg.,
Montreal.

Dear Sir,

We are sending a "For Sale" sign to St. Agathe on Saturday.
Would you ask your men there to have it erected in some conspicuous
part of the property.

Yours truly,

(Signed) HENRY JOSEPH.

20

30

PLAINTIFFS' EXHIBIT P-49 (b)

June 29, 1928.

P-49 (b).
Letter
to Henry
Joseph
from A. M.
Reaper,
28th June
1928.

Henry Joseph, Esq.,
16 St. Sacrament St.,
Montreal, Que.

Dear Sir:—

40 We are in receipt of your favour of the 28th inst. advising that
you are sending a sign to St. Agathe on Saturday. Our man there
has been advised of this and will see that it is put up in a conspicuous
position.

Yours very truly,

ESTATE SIR MORTIMER B. DAVIS,

(Signed) A. M. REAPER,

Executor.

PLAINTIFFS' EXHIBIT P-87

10

MONTREAL, February 17th, 1930.

Dear Lord Shaughnessy,

Exhibits.
—
P-87.
Letter
to Lord
Shaugh-
nessy from
Sir Henry
Thornton,
17th Febru-
ary 1930.

20

I am writing to enquire whether the Sir Mortimer Davis residence in Montreal is for sale, and if so, whether the executors of the Estate would accept One Hundred and twenty-five Thousand Dollars immediate cash for the property. I am well aware that the market value of the residence might exceed, under certain sale conditions, the price I have named and, therefore, you may feel disposed to reject my suggestion without much thought. Unfortunately, something in the neighbourhood of the amount I have named represents the best I can offer and, as indicated above, it is immediately available in cash. I think it also fair to add that in considering the disposal of such a property there must be regarded its marketability and the market for such residences seems at the moment to be somewhat dull.

30

I may frankly add that I am negotiating with Fred Beardmore for his house, in which I am now living, but he holds the property at such an unreasonable price that there does not seem to be much chance of our coming to any conclusion.

Yours sincerely,

H. W. THORNTON.

Rt. Hon. Lord Shaughnessy,
Canada Cement Bldg.
Montreal, Que.

40

PLAINTIFFS' EXHIBIT P-88

Exhibits.

10

MONTREAL, February 28th, 1930.

P-88.
Letter
to Sir Henry
Thornton
from Lord
Shaugh-
nessy,
28th Febru-
ary 1930.

Sir Henry Thornton, K.B.E.,
President,
Canadian National Railways,
Montreal, Que.

Dear Sir Henry,

20 Permit me first of all to apologise for not having answered your letter of February 17th sooner, but in all the circumstances I feel that you will realize that it takes some time to get a unanimous decision from the Executors of the Estate.

The Executors do not desire to sell the property at the figure you mention inasmuch as it is assessed at a larger amount and valued for succession duties at a still larger one.

30 We have set a price of \$300,000. upon the property and they do not feel inclined to accept any offer substantially lower than this.

I quite appreciate what you say concerning the marketability of the property but inasmuch as the Executors have made the above decision, I am afraid nothing can be done unless you would feel inclined to increase your offer.

Yours very truly,

SHAUGHNESSY.

40

PLAINTIFFS' EXHIBIT P-164

Form 826

HEAD OFFICE, CANADA CEMENT CO BUILDING
PHILLIPS SQUARE, MONTREAL

REFINERY
CORBYVILLE, ONTARIO

DISTRIBUTING WAREHOUSES, MONTREAL
TORONTO, WINNIPEG, VANCOUVER

OFFICERS

RT. HON. LORD SHAUGHNESSY, K.C., PRESIDENT
E. J. LAUSTER, VICE-PRESIDENT
ARCHIBALD KELLY, VICE-PRESIDENT
FISHER WILMORE, VICE-PRESIDENT
COL. F. M. GAUDET, C.M.G., M.E.I.C., VICE-PRESIDENT
S. G. TURNBULL, TREASURER
J. GIBSON LAWRENCE, SECRETARY

CABLE ADDRESS
"ALCOHOL" MONTREAL
CODES USED, A.B.C. 5TH EDITION
AND BENTLEY'S



DIRECTORS

RT. HON. LORD SHAUGHNESSY, K.C.
HENRY JOSEPH
HON. H. M. HARLER
COL. F. M. GAUDET, C.M.G., M.E.I.C.
E. R. DECARY
E. J. LAUSTER
ARCHIBALD KELLY
FISHER WILMORE

Canadian Industrial Alcohol Company Limited
MANUFACTURERS OF MAPLE LEAF BRAND ALCOHOL

ETHYL ALCOHOL COLOGNE SPIRITS ABSOLUTE ALCOHOL METHYLATED SPIRITS DENATURED ALCOHOL (ALL FORMULAE)

Montreal, Que.
P. O. BOX 308 STATION B CANADA

PROXY

Exhibits.

P-164.

Form of proxy for Annual Meeting of Shareholders of Canadian Industrial Alcohol Co., 17th December 1929.

I, the undersigned, a Shareholder of Canadian Industrial Alcohol Company Limited, do hereby constitute and appoint THE RIGHT HONOURABLE LORD SHAUGHNESSY, K. C. and EDWARD LAUSTER, Esquire, or either of them, as my proxy, to vote for me and on my behalf at the Annual General Meeting of the Shareholders of the said Company to be held at Montreal, on the 17th day of December 1929, and I do hereby ratify and confirm and agree to ratify and confirm all that my said proxy may do in virtue of the premises.

Dated at this day of 1929

.....

.....

Witness