

No. 465

CANADA  
PROVINCE OF  
QUEBEC  
DISTRICT OF  
MONTREAL

# Court of King's Bench

(APPEAL SIDE)

On Appeal from a final Judgment of the Superior Court, for the  
District of Montreal, rendered on June 30th, 1930.

CANADIAN  
LAW  
LIBRARY

LADY DAVIS, et al.,

(Plaintiffs in the Superior Court)

APPELLANTS

— VS —

THE RIGHT HONOURABLE LORD  
SHAUGHNESSY, et al.,

(Defendants in the Superior Court),

RESPONDENTS

— AND —

THE FEDERATION OF JEWISH PHILAN-  
THROPIES OF MONTREAL,

(Mis-en-Cause in the Superior Court),

MIS-EN-CAUSE

## APPELLANTS

APPELLANT  
SYNOPSIS

SYNOPSIS - INDEX TO DEPOSITIONS,  
EXHIBITS, JUDGMENT, Etc.

W. K. McKEOWN, K.C.

Attorney for Appellants

MONTREAL:

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**SYNOPSIS - INDEX TO DEPOSITIONS,  
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**W. K. McKEOWN, K.C.**  
Attorney for Appellants

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**MONTREAL:**

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# APPELLANTS

## SYNOPSIS - INDEX TO DEPOSITIONS

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	1911-17, sales department, R. E. Waltham & Co....	7	1241	8
	New York to Cuba and east of the Mississippi;			
	north to the Ohio river and Pittsburgh to New York City.			
	1917, back to manufacturing alcohol for munitions, Waltham.			
30	Later Am.N.W. for medical trade.			
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40	Reported to Lord Shaughnessy.			
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20			
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More efforts to secure business.			
Close of border increases ocean trade.			
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	No special duties—salary \$15,000.			
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10	Flanagan and McCrann in charge of sales.			
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20	Wired other Commissions in January.			
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40	Second interview: Towards end of October..... Lord Shaughnessy agreed to principle of valuation of assets as basis.	9	1707	8
	Third interview: About middle Nov.—Morrow present..... Morrow also director of Walker.	9	1708	35
	Further interviews (?): In Montreal every week and may have phoned Lord Shaughnessy.....	9	1709	45

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Result to Nov. 15: Lord Shaughnessy prepared to enter negotiations .....	9	1710	20
Newspaper clippings: Knows nothing re these.....	9	1710	29
Balance Sheets: Alcohol, Walker and Distillers handed to Gordon .....	9	1710	46
Letters, Nov. 28, forwarding same.			
<b>10</b> Alcohol Meeting: Saw statement by Lord Shaughnessy re changes .....	9	1713	17
“Vaguely familiar” suggestion in office of Alcohol with Hume just before Annual Meeting.			
Balance Sheets: Got Consolidated Statement before Xmas...	9	1714	22
Gordon-Lash-Shaughnessy correspondence: P-215 and 216...	9	1714	27
Proposal: Exchange of securities on basis of share value of each Company; Gordon’s letter (P-216), (Vol. 3, p. 790, l. 25) required an agreement as to price of whiskeys, depending upon age.			
<b>20</b> (This proposal was unfair, because the whiskey of the Alcohol Company, independent of the consideration of age, was far superior to that of the Walker concern.)			
Gordon-Lash-Shaughnessy correspondence: Conversation referred to in Lash’s letter fixed as on Nov. 15th..	9	1716	13
Morrow’s interview: Oct. 18th .....	9	1716	22
Dec. 27th-Jan. 13th: Telephone messages.....	{ 9	1717	8
	9	1718	21
<b>30</b> Jan. 14th: Proposal by Lord Shaughnessy to send Lawrence..	{ 9	1717	13
	9	1718	37
Distillers-Seagram: Lash refuses to answer as to them.....	9	1717	30
Lawrence in Toronto with Gordon.....	9	1719	46
Jan. 20th: Consolidated Statement received.....	9	1720	13
Received Monday, two days before Alcohol Meeting.			
<b>40</b> Lash admits he was aware of trouble between Lord Shaughnessy and Lady Davis before his letter of Dec. 27th, and that that letter was written for the express purpose of covering himself.....	9	1720	45
Jan. 21st: Morrow, Hume and Lash at Lord Shaughnessy’s house .....	9	1723	20
Gordon Statement (P-156) discussed.....	9	1724	31
Earnings not shown.....		1726	16
Lord Shaughnessy mentioned injunction likely.....		1726	43
Proposal by Lash for cash and exchange of shares..		1727	16

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	Lash had heard of heavy claim for Succession Duties	9	1727	29
	Also knew of Dominion Government claims against Alcohol .....		1728	22
	Also Bank loans due by Alcohol.....		1729	19
	Astonished that Statement did not show Bank loan.		1729	30
	Lash's proposal reviewed.....		1730	16
	No amount of cash mentioned.....		1730	20
	Mentioned intention to call on Mr. Montgomery...		1730	36
	Details of interview with Mr. Montgomery.....		1731	18
10	Admits knowledge suit instituted.....		1732	28
	Lash's proposal to Mr. Montgomery.....		1733	27
	\$2,000,000 cash purchase and exchange of shares...		1733	44
	Denial that Gordon Statement was to be basis of deal .....		1734	17
	Walker stock shown worth more than Alcohol.....		1735	10
	Lash's proposal reviewed.....		1735	32
	\$2,000,000 purchase on basis of P-156, and balance {		1739	31
	exchanged share for share (?).....		1736	19
	Exchange on basis of P-156 was six Alcohol for five Walker .....		1736	34
	Attempted evasion by Lash.....		1737	17
20	In Mr. McKeown's office from 4 P.M. to 8 P.M.....		1740	10
	Received intimation that injunction would be asked		1741	8
			1741	13
			1742	37
	Estate would have lost control of Alcohol by deal..		1743	3
			1744	9
			1744	37
	Lord Shaughnessy offered no criticism of Gordon statement .....		1745	31
	Morrow remained in Montreal, and phoned Lord Shaughnessy approving of his statement at the shareholders' meeting .....		1746	12
30	<b>Cross-Examined</b>			
	Merger: Reasons for favoring same.....	9	1746	33
	<b>Re-Examined</b>			
	Merger: Walker after Alcohol stock of Rye and Bourbon (?)	9	1747	15
	Facetiousness and objections by Lash.			
	Merger: Estate would have lost control by deal.....	9	1747	44
	Walker directors: Full list given.....	9	1748	34
40	Hatch, Hume and Rainer connected with Alcohol.			
	<b>LORD SHAUGHNESSY</b>			
	Shaughnessy's Contract .....	9	1750	15
	Admission that P-13 exact copy of original contract.			
	Admission contract not in Notarial form.			
	Admission contract never registered.			
	Admission \$196,500 Serial Notes as per specimen P-79.			

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	Serial Notes Payable to Payee.....	9	1752	21
	Not registered assigns, as per By-law.			
	Admission Shares as per specimen Certificate P-217.			
	Shares not transferable to bearer but only on books of Company.			
	Admission Notes and Shares never listed on Stock Exchange.			
	Shaughnessy Contract: Lord Shaughnessy admitted to Bar 1910 .....	9	1755	18
10	Professional earnings as per Income Tax returns; 1921, \$8,994.59; 1922, \$8,249.41; 1923, \$14,447.09; 1924, \$12,476.16.			
	Salary \$8,000; participating partner from 1923.			
	Never included in return any part of Notes, Shares or \$217,000 as earnings.			
	Shaughnessy's Contract: Declined to state future intentions..	9	1758	14
	Admits suit for restoration of Notes, Shares and \$217,461.65 to Estate (P-218).			
	Admits suit for restoration \$234,032.61 to Incorporated Co. (P-220).			
20	Admits suit for restoration to Estate of Marler shares (P-222).			
	Admits contestations of all three suits (P-219, P-221 and P-223).			
	<b>W. P. O'BRIEN</b>			
	"B" Stock: Late Williams died April 11, 1930.....	9	1763	15
	Firm acted for years as Sir Mortimer's brokers.			
	Prepared to consider taking block of "A" or "B".			
	Considered block of "B" at price under market.			
	Part or all of the Estate's holdings.			
30	"B" Stock: Market then 42 to 45.....	9	1765	46
	Concession of 3 to 5 points.			
	This is for firm purchase at option of Estate.			
	Instructions to Mr. Williams to that effect.			
	Williams reported having seen Lord Shaughnessy, and "Nothing doing."			
	This occurred at end of May, 1928.			
	Firm could have marketed 55,000 "B" shares involved.			
	"B" Stock: Williams instructed offer 45 or 47 for option....	9	1767	18
	Williams reported proposition not entertained.			
40	Apart from offers, could have sold the "B" stock within a year at a reasonable price.			
	The "A" and "B" shares would have kept close together.			
	"B" Stock: Order sell 5,000 "B" at 45, in 1928.....	9	1769	26
	Sold 4,200, and could have sold balance at slightly lower price.			
	Sir Mortimer often bought and sold large blocks of Alcohol without affecting the upward trend of the market.			

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"B" Stock: The fact that the Davis interests were selling would not have broken the market or have been productive of more than irregularity.....	9	1771	27
Our firm was prepared to buy the stock from the Estate.			
 <b>LADY DAVIS</b>			
10 Sir Mortimer's personal control of affairs.....	9	1773	15
Sir Mortimer in close touch with Canadian interests. Time spent in Montreal in 1924, 1925, 1926 and 1927. Went to office daily when in Montreal. In France, had his secretary, and worked three or four hours or more daily. Was in touch with Montreal by cable or mail practi- cally every day.			
20 Intention re Net Annual Revenues.....	9	1775	8
Sir Mortimer's station in life. In Canada: Pine Avenue and Ste. Agathe. In France: Cannes property. Use of Cannes property to Lady Davis for life (Will, Art. VII). Extent and value of Cannes property.			
30 Intention re Net Annual Revenues: Use of all residences, etc., in France .....	9	1778	47
Resided in Paris most of the time, in rented resi- dences. Sir Mortimer was negotiating for purchase of resi- dence in Paris. Had an option in Nov., 1927, on \$400,000 house in Paris. At other times resided in Paris hotels.			
Intention re Net Annual Revenues: Sir Mortimer maintained racing stable .....	9	1781	25
Sir Mortimer's personal control.....	9	1781	39
Sir Mortimer's fyles kept in France were forwarded to Montreal. Volume of correspondence in 1926, 1927 and 1928 shown by list (P-224).			
40 Intention re Net Revenues.....	9	1782	21
Will discussed with Lady Davis before signing.			
Intention re Net Revenues: Sir Mortimer said \$400,000 each under the Will.....	9	1787	24
Sir Mortimer's dividends from Alcohol amounted to about \$800,000 alone.			
Failure to realize assets.....	9	1789	14
Funeral April 12th—Executors met April 14, 1928.			

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	Failure to realize assets: Cash on hand.....	9	1793	17
	Bamberger and " B " stock to produce \$4,000,000.			
	Extra \$50,000 required for Y.M.H.A.			
	Lord Shaughnessy suggested Lady Davis and M. B. Davis Jr. should contribute same out of their income for the year.			
10	Failure to realize assets: April, 1928, D.C.L. nibbling at the Estate's Alcohol shares, and talking \$60.....	9	1795	16
	Figured worth \$80.			
	Said would like to get \$30,000,000 or \$40,000,000 in Bonds for Incorporated Co.			
	Estate's holdings of 550,000 shares at \$80 would represent about \$45,000,000.			
	Signing of Power of Attorney May, 1928 (P-5).....	9	1799	14
20	Deception: Stock Certificate, May 3rd, 1928 (Plea, par. 8) ..	9	1801	38
	Signing of Minutes on May 5th, 1928 (D-2).			
	Signing of Modification Agreement, May 5th, 1928, at Ritz (P-15).			
	Circumstances of signing of Modification Agreement.			
	Already signed by Reaper.			
	Deception: Had never seen Contract of September, 1924....	9	1803	43
	Or letter, Oct. 15, 1924.			
	Had no knowledge of subsequent agreement recited.			
	Lord Shaughnessy said Modification was to protect his family should he die.			
	No suggestion of independent advice.			
30	Deception: Sign Certificate and become director.....	9	1805	38
	After suit, discovered only became director much later.			
	Stated since June, 1929, Lady Davis only a director by courtesy.			
40	Deception: Left Montreal May 5th.....	9	1807	14
	Sailed from New York May 12th, 1928.			
	Repeated assurances while in Europe everything going very well.			
	Statement of Estate at death only one received. (P-50.)			
	Purchase of 1,000 Alcohol at 40 on Lord Shaughnessy's recommendation (P-225).			
	Pretended Loan to Lady Davis.....	9	1809	25
	Cabled Lord Shaughnessy to purchase 1,000 Alcohol because of Sir Mortimer's directions (P-225).			
	Incorporated Company then holding Lady Davis' securities (P-226).			

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	There were also other stocks in addition. Wrote Lord Shaughnessy to sell with five points profit (D-15).			
	Pretended Stock Advanced to 45, but shares not sold.....	9	1810	28
	Marler Stock: Cabled suggesting buy at 170.....	9	1811	17
	Represented that under By-Laws, stock must be offered to shareholders (P-227).			
	Lady Davis consented to proposal (P-228).			
10	Deception: 1928 Statement Inc. Co. only one received (P-51).	9	1813	12
	Marler Stock: Nov. 7, 1928, "Get rid of Marler forever" (D-9). .....	9	1813	25
	Also representing that Marler was entitled to \$2,000 per annum under Trust Deeds, and suggesting a little additional allowance be made.			
	Marler Stock: Never explained \$15,000 allowance.....	9	1814	27
20	Deception: In letter of Nov. 7, 1928.....	9	1815	3
	Reported things running smoothly. Succession Duties almost settled. And should be completed by December (D-9). In Europe in April and May, 1929. Said every- thing was going on very well.			
	Deception: Advice of Mr. Corbett.....	9	1816	8
	Keep closer touch with Estate. Required by the Will. Sir Mortimer had told me I should go to Canada at least once a year. These were Lady Davis' motives in coming to Montreal, May, 1929.			
30	London Interview .....	9	1819	17
	At time, had not slightest suspicion of anything wrong. Complete confidence in co-Executors. First anxiety at dinner party at Embassy Club, London, May 13, 1929. Announcement of financial genius of doubtful repute. Proposal for gigantic Investment Company of \$150,000,000. No surplus revenue for few years; then very good indeed.			
40	Deception: Reached Montreal June 6, 1929.....	9	1821	3
	Lord Shaughnessy arrived June 8th. Lady Shaughnessy reported trouble with the McNish brothers. Dined at Lord Shaughnessy's home general state- ment McNish all right.			

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	McNish: Sir Mortimer tried to get Sir Henry Thornton as Chairman. ....	9	1823	3
	McNish: Intended to spend three months in London, and to send men around world.			
	Dining Room Furniture .....	9	1824	9
10	When dining at Lord Shaughnessy's residence (June 10, 1929), saw the dining room furniture from Sir Mortimer's Pine Avenue residence. No prior knowledge of its removal; no reference to same by Lord Shaughnessy.			
	Dining Room Furniture: Inquired whether Lady Davis minded .....	9	1824	45
	Subject never again alluded to.			
	Deception: June 10, asked appointment.....	9	1826	3
20	Stalled under various pretexts, until near end of June, 1929. Went over Estate statement (P-50), and Incorporated Co. statement (P-51).			
	Deception: Identified Jennison as "genius".....	9	1827	45
	Asked explanation of Jennison Loan \$10,000 (P-51). Had learned Jennison was a promoter, and not very substantial.			
30	Deception: Lord Shaughnessy repudiated London version Jennison deal .....	9	1831	4
	Claimed only matter outstanding \$10,000 loan. Instructed Reaper to call loan, and run Company as an Estate. Reaper's inquiry re Oil leases. Shaughnessy thought at time, Lady Davis about to return to Europe.			
	Refusal to distribute Net Annual Revenues.....	9	1832	46
40	At interview, end of June, 1929, inquiry made as to why only \$67,500 being paid when Sir Mor- timer had said that there would be \$400,000 a year each. Lord Shaughnessy's retort: "Your husband lied to you." Said not more than \$67,500 for a good many years on account of debts, death duties and bequest.			
	Deception: Request for statement Estate as promised.....	9	1833	29

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	Suggested appointment of Mr. Waddell.....	9	1834	12
	Lady Davis concurred in Lord Shaughnessy's suggestion at Meeting at end of June that Mr. Waddell should go on the Board.			
	Deception: Picked up April, 1929, Statement Inc. Co.....	9	1834	21
	Up to this time, had only sought advice as to Trust Deeds (P-229).			
10	Discovered by the April statement, Investment Foundation, Cadillac, donations, salaries, etc.			
	Deception: Lord Shaughnessy too busy for interview.....	9	1838	10
	Saw Reaper—asked explanations.			
	Cadillac book-keeping entry; very little cash.			
	Salaries increased explained as consolidating bonuses.			
	Deception: In Europe, in Spring 1929, never referred to salary increases .....	9	1838	31
20	No disclosure re same at Meeting at the end of June.			
	Said Investment Foundation was a new investment and that they had been in the habit of making donations.			
	Deception: Too busy to call Jemison Note.....	9	1839	27
	Upon reconsideration, decided not to run Incorporated Company as an Estate.			
	Warning by Lady Davis that they were going to have trouble with her.			
	Following these discoveries, consulted counsel re same.			
30	Deception: Asked for Estate Statement.....	9	1840	45
	At interview with Reaper about July 4th.			
	Appointment of representative on Board.....	9	1841	16
	Lord Shaughnessy agreed to appointment to the Board of a representative of Lady Davis.			
	Suggested Mr. Waddell; then Mr. Curran; offers declined.			
	This was a few days after July 5th.			
40	Mr. Donaldson of Montreal Trust had agreed to act.			
	Appointment: Refusal to accept Donaldson, request for interview .....	9	1843	28
	Interview about July 9th, in presence of Reaper.			
	Lord Shaughnessy much annoyed about April statement.			
	Said Lady Davis on Board solely through courtesy.			
	Reference to outside interests.			
	No result from interview.			

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Appointment: Mr. Montgomery called on Lord Shaughnessy Still refused to agree to Mr. Donaldson. George C. McDonald was then suggested, and agreed to. Later, Lord Shaughnessy wrote on July 24th, put- ting forward pretext to delay Mr. McDonald's appointment for five months (P-234).	9	1845	46
10 Appointment: Upon Lady Davis phoning, to inquire whether it was intended to hold the Special Meeting to elect Mr. McDonald, Lord Shaughnessy, for the first time, suggested that she should resign and be replaced by Mr. McDonald, which she refused to do. ....	9	1851	11
Appointment: Purpose of obtaining representation..... Keep in closer touch and prevent further specula- tion. Only information then available was statement of Estate at death. And Incorporated Company at Sept. 30, 1928 (P-50 & P-51).	9	1851	42
20 And the April Statement, and possibly the Estate Statement at May 31st, 1929 (P-6).			
Appointment: Mr. Montgomery interview on Aug. 8th, 1929 Lady Davis' final interview with Lord Shaughnessy on same day. Lord Shaughnessy refused definitely to agree to the appointment of a representative or to run the Company as an arm of Estate.	9	1852	41
30 Refusal to carry out Will..... At interview on August 8th, Shaughnessy being warned that unless he changed his policy, and carried on as an arm of the Estate, and stopped speculating, there would be an appeal to the Courts. Lord Shaughnessy defied Lady Davis.	9	1854	30
Deception: Failure to supply information..... Demand for Auditors' Statements of Estate and Incorporated Co. August 15th, 1929 (P-7). Also copies of all contracts. Lord Shaughnessy's reply, Aug. 21st, 1929, stalling for delay (D-3).	9	1856	13
40 Suggested delaying preparation of statements until after end of fiscal year.			
Deception: Demand August 23rd. Auditors' Statements (P-7 No reply for six days—Lady Davis phoned Aug. 28, 1929. Lord Shaughnessy's menacing reply, Aug. 29, 1929 (P-235). Newspaper reports of Lord Shaughnessy's de- parture for West.	9	1858	25

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Heard through Godsall automobile returned.....	9	1861	22
Lord Shaughnessy's credibility—Turnbull's shares.....	9	1861	35
Lady Davis never heard of suggestion until Turnbull testified.			
Lord Shaughnessy never mentioned the subject to her.			
Never communicated in any way with Lord Shaughnessy between Aug. 29th and end of September.			
10 Lord Shaughnessy never at any time spoke to Lady Davis upon the subject.			
Deception: Attempts get statements during Lord Shaughnessy's absence .....	9	1863	39
Alcohol: Rumours of Merger.....	9	1863	45
In September, 1929, while Lord Shaughnessy in West, many newspaper articles and gossip about a merger with Hiram-Walker.			
Other rumours that Walkers were going to buy the Estate's stock.			
20 Finally, Jennison in Europe to merge McNish with independents there.			
Alcohol: Drafted letter to Lord Shaughnessy Sept. 26th....	9	1864	35
Mailed Oct. 3rd, asking for information re merger rumours.			
Lord Shaughnessy's reply, October 4, 1929 (D-10), (P-236) reassuring.			
Deception: Jennison transaction.....	9	1865	32
30 Lady Davis' letter of Oct. 3rd, 1929, recites Lord Shaughnessy conceded Jennison's engagement unnecessary, and agreed to terminate same (P-236).			
Lord Shaughnessy's reply of Oct. 4th, 1929, virtually admits the correctness of the position taken by Lady Davis (D-10).			
Meeting Inc. Co.; Oct. 18, 1929.....	9	1867	3
Attended upon receipt of 'phone call from Reaper.			
40 Incorporated Company—Statements.....	9	1867	20
Special audit of Aug. 31, received on Oct. 7, 1929 (P-9).			
Handed to Mr. McDonald to be analyzed.			
Noticed Jennison item increased from \$10,000 to \$50,000.			
New loan \$10,000 to Lord Shaughnessy.			
Jennison transaction changed from loan to a purchase.			
Showed loan of \$39,000 to Lady Davis.			

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	Pretended loan to Lady Davis.....	9	1870	3
	Loan connected with a purchase of 1,000 Alcohol " A ".			
	Intended purchase to be made from and carried by broker.			
	As soon as " loan " discovered, Lady Davis sent cheque to Co.			
	Cancellation of Power of Attorney.....	9	1871	22
10	Lady Davis' Power of Attorney revoked Oct. 5, 1929 (P-11). This upon learning of the withdrawal of the Notes and Shares in Lord Shaughnessy's absence. Only learned of withdrawal of cash \$217,000 by Annual Statement November 16, 1929 (P-10).			
	Meeting Executors, October 18, 1929.....	9	1875	39
	Farm continued "to supply Sir Mortimer with milk and eggs."			
	Lady Davis suggested Ste. Agathe should be rented. Lord Shaughnessy reported offer of \$200,000 for Pine Avenue (D-135).			
20	Mr. Neill of The Royal Bank supposed to be the prospect. Lord Shaughnessy said land was worth \$150,000 alone.			
	Meeting Executors, October 18, 1929: Decided hold Pine Avenue at \$300,000.....	9	1876	44
	Lord Shaughnessy reported that Sir Henry Thorn- ton was interested in renting. Senator Raymond's offer \$55,000 for Ste. Agathe.			
30	Meeting Incorporated Company, October 18, 1929.....	9	1878	9
	Lord Shaughnessy discussed protecting the market for Alcohol stock before the crash, but Alcohol very low. Increase of Jennison matter discussed. Said Jennison would take the stock back. Shaughnessy gave word of honour that no one had seen him about a merger.			
	Meeting Incorporated Company, October 18, 1929: Lady Davis stated would not accept word.....	9	1879	10
40	Had lost all confidence in him.			
	Pretended loan to Lady Davis.....	9	1879	26
	Cheque for \$38,000 odd forwarded to Inc. Co. Oct. 24, 1929 (P-237). Received Lord Shaughnessy's reply dated Oct. 28, 1929 (P-238). For list of Lady Davis' securities held by Inc. Co. at time of pretended loan, and worth \$325,000, see receipt (P-226).			

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Pretended loan to Lady Davis: Statement account, June 1st, 1929 .....	9	1881	40
Did not convey to her that the shares were not being carried by a broker for her account (P-239).			
Pretended loan to Lady Davis: Statement commences November 15, 1927.....	9	1883	25
Credit Sept. 29, 1928, \$28,638.20 was in payment of McNish Debentures.			
10     Cheque given to Lady Davis' brother in May, 1928, to be delivered to Mr. Reaper, but was forgotten .....	9	1883	25
Pretended loan to Lady Davis: Statement did not show instructions buy from broker not been carried out.	9	1884	44
Nor did statement show that funds of Incorporated Company had been used to make the purchase. Lady Davis' intention was as stated in her letter (P-237).			
20     Shaughnessy's Contract .....	9	1889	3
Statement of Sept. 30, 1929, received on or after Nov. 17, 1929 (P-10).			
Special mention of withdrawal of \$212,516.86 on Sept. 17, 1929.			
Bank overdraft increased from \$80,844.93 to \$205,-825.06.			
Resignations demanded at once (P-12).			
Joint declaration by Counsel explaining delay in bringing suit.			
30     Deception: Never received Monthly Statements.....	9	1892	4
Asked for in letter of Aug. 23, 1929 (P-7).			
Sir Mortimer often showed Lady Davis Monthly Statements (P-43).			
Never received any such statements for Estate or Company after death.			
Deception: No information re McNish before Suit.....	9	1892	43
Did not know they were going behind \$500,000 a year.			
Never heard of pretended purchase of Marler shares for Lord Shaughnessy's account.			
40     Never knew of withdrawals of \$4,684.22 and \$2,-875.82 until after suit.			
Meeting Incorporated Company, October 18th, 1929.....	9	1895	15
Lord Shaughnessy proposed continuing \$10,000 to Y.M.H.A.			
Deception: Purchase of "A" Stock Fall of 1928.....	9	1896	3
Never notified of Directors' Meeting, although in Montreal.			

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	Alcohol merger: Always denied any negotiations.....	9	1896	41
	First admission to contrary, letter Meredith & Co., Jan. 17, 1930 (D-1). Letter received while Bailiff waiting for Writ. Had heard rumors in the press.			
10	Alcohol: Lauster interview .....	9	1900	23
	On Jan. 10, 1930, Lauster called upon Lady Davis. Said Lord Shaughnessy was negotiating with Walkers. Terrible for Estate to be in minority with Walkers. Because of Sir Mortimer's experience with Hatch, Hume and Rainer. Circumstances re departure Hatch, Hume and Rainer. Lord Shaughnessy's reports to Sir Mortimer (P-240, P-241, P-242).			
20	Nickel property .....	10	1914	35
	Poillion testified property drilled before Sir Mor- timer's death. In June, 1929, Lord Shaughnessy intended to re-drill the property. Said that work would be expensive. Lord Shaughnessy did not disclose Poillion's advice not to drill.			
	Alcohol: Merger .....	10	1916	36
	Absurd in view of chaotic state of Alcohol Co. Sales Department in terrible condition.			
30	Suggested appointment of Mr. McDonald.....	10	1917	42
	Would not now be an adequate remedy. Estate should be put in hands of strongest possible Trust Co.			
 <b>Cross-Examination</b>				
	General: Sir Mortimer's visits to Canada.....	10	1918	31
	Sir Mortimer did not anticipate his sudden end. Do not know book value of Cannes property. Believe it would sell at nearly \$1,000,000.			
40	Cannes property: Kandalaft's letter.....	10	1924	8
	Doubts if offer of 1,180,000 francs obtainable. Says book value 1,730,000 francs. Cash subscription to Societe Daviso 110,000 francs. Covering 110 shares.			
	Cannes property: Upkeep of property—gardeners and ser- vants .....	10	1924	45
	The option on the Paris house was shortly before Sir Mortimer's death.			

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Intention re Net Revenues.....	10	1927	15
Last conversation with Sir Mortimer week before death.			
Talked about it many times before.			
Sir Mortimer drew any amount of revenue he wished.			
Entitled to interest on \$4,000,000 debentures, \$240,000.			
Sir Mortimer could draw any amount he chose, of earnings or capital.			
10			
Intention re Net Revenues: Chief income Alcohol dividends, \$800,000 .....	10	1930	29
The operating profit was something like \$700,000 in the last year.			
Mortimer Jr.'s habits and marriage as factors (D-106).			
Proposal was to guarantee \$1,000 a month alimony Mrs. Davis, Jr.			
Meeting of Executors.....	10	1941	40
20			
Might have been April 14, 23 or 25.			
Interview with D.C.L. people in New York.			
Discussion of \$30,000,000 or \$40,000,000 bonds.			
Dr. Kauffman's connection with interview.			
Discharge Marriage Contract 7% (D-107).....	10	1944	43
Surprised to be paid so soon—rate of interest given as reason.			
Circumstances of signing of modification agreement and stock certificate, May 5th, 1928.			
Deception: Never received notice Annual Meeting.....	10	1947	43
30			
Made no request for monthly statements after return to France.			
Did not want to be a nuisance, but thought they might have sent them.			
Had implicit confidence as shown by Power of Attorney.			
Intention re Net Revenues.....	10	1950	19
In January, 1929, did not suggest to Col. Hayward or Lord Shaughnessy to provide for liabilities of M. B. Davis Jr. from surplus revenue in place of a loan from the Company.			
40 Pretended loan to Lady Davis.....	10	1952	39
Purchase recommended by Lord Shaughnessy under 40.			
Statement dated June 1 was likely received in July (P-239).			
Lady Davis was not a shareholder when the McNish transaction took place.			
Only learned Oct. 7, 1929, by the statement of pretended "loan".			

		Vol.	Page	Line
	Pretended loan to Lady Davis: Sir Mortimer did not want Lady Davis to send telegrams direct to brokerage houses . . . . .	10	1956	26
	And did not want stock dealt in in his name. Any bank or brokerage house would have carried the shares on the McNish and Alcohol securities.			
	Marler Shares: Sir Mortimer criticized Marler's political career . . . . .	10	1957	30
10	Deception: No apprehensions when Lord Shaughnessy in Europe, April, 1929 . . . . .	10	1959	28
	He assured her that things were going all right. Had decided about a month before to come to America.			
	London interview: At afternoon meeting . . . . .	10	1960	17
	Spoke of the speeches made by him in the north of England. The financial genius and the consequences stand out in her memory.			
20	Version of interview repeated.			
	London interview: If curtailment of surplus revenues was not mentioned by Lady Davis on discovery due to nervousness or forgetfulness . . . . .	10	1963	20
	McNish: Sir Mortimer believed in McNish with proper organization and management . . . . .	10	1965	38
	Contemplated first years might be a loss.			
	Dining room furniture . . . . .	10	1966	41
30	Lady Davis never heard of the suggestion that Lord Shaughnessy, in April or May, 1928, proposed to take over the furniture in payment of his memento legacy.			
	Y.M.H.A. Donation . . . . .	10	1967	33
	Took part in inaugural ceremonies, June 16 or 23rd, 1929. Sir Mortimer was very much interested.			
	Deception: Reaper told call Jennison note on June 27, 1929 . .	10	1969	3
40	On June 24th, Lady Davis lunched with Lord Shaughnessy and asked for \$10,000 on account of her Executor's fees and trust fund interest.			
	Deception: London and Montreal versions status of Jennison . . . . .	10	1970	34
	Intention re Net Revenues . . . . .	10	1973	3
	On June 27th, demanded Company be run as an Estate.			

		Vol.	Page	Line
	Deception: Review of picking up April statement.....	10	1975	25
	Review of interview with Reaper on July 4th. Mr. Corbert first mentioned keeping in closer touch in Nov., 1928.			
	Failure to carry out Will.....	10	1979	15
	No direct demand for dividend ever made. Warned Reaper on July 4th that unless policy changed there would be trouble.			
10	Appointment of representative to Board.....	10	1979	40
	Discussion of appointing Mr. Donaldson shortly after interview with Reaper, July 4th. First phoned about July 6th to propose Mr. Donald- son, and Lord Shaughnessy objected, and asked for an interview.			
	Appointment of representative to Board: Alleged friction between Sir Mortimer and Sir Herbert Holt.....	10	1982	8
	(Lady Davis and Counsel at first demurred to put- ting on record the details of Lord Shaughnessy's objection.)			
20	Review incidents July 9th to 25th, 1929.....	10	1984	42
	Review of Lady Davis' interview, Aug. 8th.			
	Appointment of representative to Board.....	10	1989	33
	Lord Shaughnessy said Sir Mortimer did not like Sir Herbert Holt, and that Mr. Montgomery was his hired assassin, and Mr. Donaldson his aide. Sir Herbert was a trustee for Lady Henriette Davis. Lord Shaughnessy's statement never repeated to Mr. Montgomery.			
30	Alcohol: Merger rumors .....	10	1991	25
	Lady Davis saw rumors of merger in press. Cannot identify clippings.			
	Deception: Never discussed disagreement with Lord Shaugh- nessy with employees of the Alcohol Company except Lauster .....	10	1992	45
	Alcohol Co.: Merger rumors.....	10	1994	6
	Meeting of Oct. 18, 1929, reviewed. Never expressed confidence in Lord Shaughnessy. Remark that I should have no fears pure sarcasm.			
40	Incorporated Company—Ste. Agathe .....	10	1995	8
	Review of meeting Oct. 18th, and of Reaper's reason for continuing the farm at Ste. Agathe.			
	Incorporated Company—Appropriation of Funds.....	10	1995	38
	Heard in July, 1929, for the first time of the illegal- ity of loans to shareholders. No analogy whatever between Lord Shaughnessy's loans and those of Sir Mortimer who owned the Company.			

	Vol.	Page	Line
Shaughnessy's Contract .....	10	1996	44
At time of Bank overdraft, call loans existed for \$880,000.			
Incorporated Company .....	10	1997	14
Review of demand for appointment of trust company.			
<b>Re-Examination</b>			
<b>10</b> Discharge of Marriage Settlement, \$200,000; had never been asked for; payment made absolutely on Lord Shaughnessy's own initiative.....	10	1997	47
Lady Davis did not even know the money was to be offered at time.			
Pretended loan to Lady Davis.....	10	1998	43
Cheque for \$28,638.20 in payment of McNish debentures signed by Lady Davis May 5th, 1928 (P-243). Stub of cheque book exhibited and produced (P-244).			
<b>20</b> Pretended loan to Lady Davis: 1,000 Alcohol could have been bought in name of the Company, and carried for Lady Davis' account with a bank or broker.....	10	2000	3
The shares were bought through a broker as shown by bought note. Never asked to have Incorporated Company advance any money.			
McNish: Intended procure Sir Henry Thornton.....	10	2001	36
This appears from the correspondence (D-122).			
<b>30</b> Appointment of representative to Board.....	10	2002	27
First consulted Mr. Montgomery June 4, 1929, re trust deeds. Did so upon recommendation of Mr. Corbett. First incident in Montreal to alarm Lady Davis was April, 1929, statement of the Inc. Co., received on June 27th and examined the next day.			
<b>Re-Cross-Examination</b>			
McNish: Review Sir Mortimer's letter July 27, 1927 (D-122)	10	2003	43
<b>40 J. B. WADDELL</b>			
Connection with Incorporated Company from 1919 to 1925....	10	2005	35
Vice-President of Incorporated Company. Familiar with all Sir Mortimer's affairs. Owns 210,000 debentures and over 2,500 shares.			
Alcohol: Vice-President and later President.....	10	2006	23

		Vol.	Page	Line
	Casual inquiry from Lord Shaughnessy re business.....	10	2007	3
	Inquired as to plans for Incorporated Company after Sir Mortimer's death. Was very enthusiastic as to future of Company under his management. Lord Shaughnessy mentioned expected to make In- corporated Company into \$100,000,000 concern.			
10	Casual inquiry from Lord Shaughnessy re business: Going in for financial issues.....	10	2008	29
	Make it \$100,000,000 Company. Proposed forming Finance Company. Funds for Estate's indebtedness, Succession Duties and capital for new companies were to come from loans or large dividends by Incorporated Com- pany. Asked by Lord Shaughnessy to go on Incorporated Board. Asked for information. Warning not in a position for anything new; could not finance or pay debts.			
20	Casual inquiry from Lord Shaughnessy re business: Mention of Cadillac Coal Company.....	10	2010	36
	Afraid it was a sink-hole. Claimed \$10,000 would cover everything.			
	Casual inquiry from Lord Shaughnessy re business: Mention of a name re Finance Company.....	10	2011	37
	First interview with Lord Shaughnessy after his return from Europe in 1928.....	10	2011	45
	Second interview, July, 1929.			
30	Casual inquiry from Lord Shaughnessy re business: Warning not in position start Finance Co.....	10	2012	42
	Alcohol: Saw press criticisms of Alcohol management.....	10	2013	4
	Summer of 1929. Thought statement should be given to the public, and told Lauster and Lawrence so. Their excuse was that Lord Shaughnessy was not in sympathy with the Financial Press.			
	Frivolous excuse for not putting him on Inc. Co. Board.....	10	2014	40
40	Alcohol: Insisted on going on Alcohol Board, if on Board of Incorporated Co. ....	10	2015	6
	Strongly advised strengthening Board to meet criti- cism. Great lack of public confidence existed, due to Board. Claimed any change against his views and Sir Mortimer's.			
	Jennison mentioned connection Finance Company.....	10	2016	13

	Vol.	Page	Line
Appalled at shrinkage of value of Inc. Co..... Depreciation of \$1,000,000 in personal holdings, outside of bonds.	10	2016	17
Alcohol: Obvious that public had lost confidence..... Some drastic thing had occurred to bring about con- dition in two years. Dissatisfied with condition of affairs and results. Must be an entire reorganization of Company. Company must be built up with new blood with men having knowledge of the business.	10	2016	40
10			
Alcohol: This must be done soon..... Or there will be no Alcohol Company. This advice based upon past experience as President of Company. The heads of departments met constantly. Abandonment of the Meetings of the Executive Committee and heads of departments would be absolutely fatal. Would not run Company ten minutes with present Board.	10	2019	30
20			
Dissatisfied results Incorporated Co. management..... The Incorporated Co. could be handled by one of the larger Trust Companies.	10	2020	47
Went South every year about middle December.....	10	2024	27

30

40

**DEFENDANTS' EVIDENCE**

	Vol.	Page	Line
<b>LADY DAVIS (On Discovery)</b>			
	10	2027	17
Since marriage to Sir Mortimer, lived mostly in France.....			
Sir Mortimer's Will, made in France; signed in London.			
Lady Davis present at signing of Will.			
Made occasional visit to Montreal.			
	10	2028	11
No issue of marriage with Sir Mortimer.....			
10 London interview: Dined with Lord S.....	10	2028	17
Had discovered a "financial genius."			
Had bought an Investment Co. for \$30,000.			
Paying salary of \$20,000 a year.			
Instructions: get out and get some underwritings.			
Lady D. did not comment, but was much worried.			
Lord S. stated not quite sure about man.			
First reports not too good.....	10	2029	12
"I will risk it, because he must come to me first."			
Going to build gigantic investment company.....	10	2029	38
20 Left for America within day or two.....	10	2030	9
May have mentioned intended seeing brother in New Orleans.			
Interview was May 12th or 13th, 1929.			
Came to Montreal first week in June, ahead of Lord S.			
	10	2030	34
Refusal to administer Inc. Co. as arm of Estate.....			
This was at interview with Mr. Reaper.			
Asked about salary increases, and coal company.			
	10	2030	48
Jennison: Inquired from Mr. Reaper if \$10,000 note called....			
30 Reply: Lord S. very busy, and had not time.			
On reconsideration, not going to run Inc. Co. as an Estate.			
do Had complained to Lord S. re Jennison note.....	10	2031	14
Lord S. admitted Jennison was the "financial genius."			
Denied paying him \$20,000 a year; had to earn it.			
"Nothing between us, but \$10,000 note."			
Lady D. objected to the same as speculative.			
Lord S. concurred, and told Reaper, point well taken.			
Instructed Reaper to call Jennison note at once.			
Reaper: "What about the oil leases?"			
40 This conversation latter part of June or first part July.			
Most likely June 26th or 27th, 1929, with Lord S.			
Second conversation with Reaper.			
Discussed April 1929 Statement of Inc. Co.			
Had picked up Statement at first interview.			
	10	2032	34
Incidents reviewed from arrival in Montreal early June.....			
Found out Jennison's name after reaching Montreal.			
Lord S. had not mentioned his name.			

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No criticisms in writing before August 15, 1929; (P-7).....	10	2033	32
Wrote Lord S. August 23, 1929, (Part of P-7).			
Wrote again October 4th, 1929, and later.			
Before London interview, received occasional communications...	10	2035	44
Correspondence from April 17th, 1928 to Dec. 23, 1929, exhibited and listed in deposition.			
Lord Shaughnessy's letters, Nov. 7th, 1928 and Oct. 4th, 1929, (D-9 and D-10) produced.....			
10 Inc. Co. Statement April 30th, 1929, (D-11), produced.....	10	2037	5
Statements of the Estate and Inc. Co. received since death....	10	2037	34
Estate Statement, as at March 22, 1928.			
Estate Statement, as at May 31, 1929.			
Estate Statement, as at August 31, 1929. (P-8).			
Inc. Co. Annual Statement, Sept 1928.			
Inc. Co. April 1929 Statement, (D-11).			
Inc. Co. Statement, August 31, 1929, (P-9),			
Inc. Co. Annual Statement, Sept. 1929, (P-10).			
20 Statement of Inc. Co. before death.....	10	2038	27
Inc. Co. Annual Statements, 1924, 1925, 1926 and 1927.			
These were supplied to my Counsel, Mr. McKeown, some time ago.			
Jan. and Feb. 1928 of Inc. Co. and Sir Mort. private accounts.			
Have never received financial Statements of Jennison & Co., Cadillac Coal Co., or Investment Foundation Ltd.	10	2039	7
Have received Annual Reports of Alcohol Co. for 1929.			
30 Examined Statements of the Estate and Inc. Co.....	10	2040	8
Sir M. often talked his affairs over.			
Trust Donations reviewed.....	10	2040	33
Marriage settlement of \$200,000 received.			
Married at Cannes, May 28th, 1924.....	10	2043	12
Dining Room Furniture: No discussion with Lord S. about taking these articles at any time.....	10	2043	20
Saw them in Lord S. house, on three occasions.			
Never discussed matter with Reaper.			
Thought if house could not be sold, should be rented furnished.			
Also better selling proposition as furnished house.			
Removal did not encourage any great respect for Lord S.			
First saw furniture in Lord S.'s house early June, 1929.			
At that time, only saw dining room set; other things later.			
Made no comment: Lady S. asked "If I minded."			
Reply: "Oh, it does not matter."			
40			

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Ste. Agathe: Thought it unusual that he should use property while refusing to rent.....	10	2045	39
Housekeeper said he had been there several times. Had spent the holidays there. Also loaned house to Lauster, one of his employees. Lord S. left his family there over the Christmas holidays.			
Inquired why property was not rented.....	10	2046	19
Inquired in June, and again in October.			
10 Lord S.'s contract: Had never seen document before end of August or beginning of September 1929.....	10	2046	44
Did not complain to Lord S. at the time. Had known of contract, but not exact terms.			
Marler shares: Referred to in Lord S.'s letter, Nov. 7, 1928 (D-9).....	10	2047	41
Also received a cable in France. Inquired whether Estate would purchase Marler stock. Concurred in purchase on condition, out of capital.			
20 Power of Attorney: In view of same, did not write suggesting sale of assets.....	10	2048	47
Did not inquire as to source of money for annuities. The only source of income was the Inc. Co.			
Dividends: Did not inquire as to dividends by Inc. Co.....	10	2049	42
Had every confidence in co-Executors at time. They knew that dividends would have to be declared. That was an understood fact.			
do Lady D. did not want to make a nuisance of herself... ..	10	2050	35
Thought affairs were being settled as understood. That within a year, everything would be settled, and then, dividends would be declared.			
30 London interview brought realization that Lord S. had evidently changed his mind.			
Capital distribution: Did not write because it was an understood fact, and necessary to meet obligations.....	10	2051	20
Understanding took place at meeting on April 25, 1928.			
Succession Duties: Did not write inquiring as to payment.....	10	2051	33
Estate financing: Complaint that Lord S. has no plan.....	10	2051	44
40 Suggests best plan, get rid of incompetents. Lady D. never permitted to make constructive suggestions. Very difficult to get interview with Lord S., in June 1929. Suggested Mr. Donaldson, a very competent financial man. Lord Shaughnessy objected. Had thought plan agreed upon in April 1929 would be followed.			

		Vol.	Page	Line
	Chaos in affairs: Did not realize state of affairs.....	10	2054	3
	Only discovered real position from Statements referred to in Examination on Discovery, which indicated: \$750,000 very bad investments; Indebtedness to the Bank; Lack of capital; Liabilities; No cash; Not cash enough in Inc. Co. to meet its liabilities. Went to Lord S.'s office 4 or 5 times, summer and fall 1929.			
10				
	Asbestos: Did not suggest sale of shares.....	10	2054	41
	Pine Avenue: Suggested putting "For Sale" signs up.....	10	2055	7
	Lord S. said it would spoil appearance of house. Signs would have been less injurious than boarding up the front door.			
	Merger: Inquired from Lord S. who emphatically denied it....	10	2055	41
20	Emphatic denial at Meeting, Oct. 17. "Absolutely untrue; not a suggestion or thought of a merger of any kind."			
	Jennison: Lady D. suggested sale of \$50,000 Jennison stock....	10	2056	16
	Lord S. said Jennison would take it back.			
	Merger: At meeting, Oct. 1929, Lady D. did not say that she saw no objection to a merger being discussed by Lord S.....	10	2056	25
	Did not consider Lord S. an appropriate person to make a merger.			
30	Reached that conclusion after the London interview, at which his statements were rather wild.....	10	2057	25
	In principle, inclined to think a merger of the three largest companies, on right terms, would be a very good thing. A merger with Walkers alone, would be ridiculous. Is well informed as to the condition of the industry.			
	Merger: First knowledge of negotiations was Meredith & Co.'s letter of Jan. 18, 1930.....	10	2058	42
40	Had heard outside rumors, but nothing positive. Inquired from Lord S. Oct. 3; not after Oct. 18. Inquiry useless, as he could not be believed.			
	Stock market depreciation: Shares of other distilleries did not shrink to the same extent as Alcohol.....	10	2060	6
	Drop in Sales: Falling off out of proportion to sales of other companies.....	10	2060	33
	Shrinkage tremendous in last 12 months.			

		Vol.	Page	Line
	Dividends: In lifetime of Sir M., unnecessary to declare dividends . . . . .	10	2061	7
	It was all Sir Mortimer's money—he drew the money as he liked. (Cross Examination waived under express reserve of right to cover all subjects of cross examination, when the present witness is examined at the trial.)			
 <b>HOWARD ANDREW POILLION</b>				
10	Studies and experience . . . . . Advisory mining engineer to Sir M. from 1912.	10	2063	15
	Sir. M. invested \$100,000 in Federal Coals. . . . . (No mention that Poillion was ever upon this property.)	10	2063	44
	Rogers property drilled and dropped . . . . .	10	2064	44
20	Cadillac property substituted for Rogers property . . . . . (Poillion never examined Cadillac property.) Recommended deal on Cochran's report.	10	2066	10
	Expect enterprise to be successful . . . . . "Best seam of coal in that area." Mining cost \$2.75 per ton—\$1 under competitors.	10	2066	27
	Value of Cadillac equipment, \$300,000 apart from coal land . . . . . Value Federal equipment \$90,000. Donaldson competent manager.	10	2067	14
30	"Very good results" are being obtained . . . . . Practically \$250,000 invested.	10	2068	8
	"Should be able to earn" \$100,000 after all interest . . . . .	10	2068	22
	This estimate based on 70,000 tons from Standard and 18,000 from Federal . . . . .	10	2068	45
	Examined oil lands in Sir Mortimer's lifetime . . . . . "Investigated" oil lands since death. Inc. Co. took up considerable areas.	10	2069	8
40	Sir Mortimer's scheme was to let others do the prospecting . . . . . Under Poillion's advice, leases have lapsed.	10	2069	38
	Examined Sudbury property before death . . . . . (Only examined by Cochrane after death.) Recommended spend no more money.	10	2071	15
	Asbestos connected with Federal and Consolidated . . . . . Thought it one of best industries in Province.	10	2072	14
	Further experience: List of alleged clients . . . . .	10	2072	37

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<b>Cross-examined</b>			
Review re alleged clients.....	10	2073	3
Not a graduate of any university.....	10	2073	31
Worked as miner, superintendent and manager, 1901-15.			
Arctic Circle to the Equator.			
Longest job, year and a half.—After any minerals.			
10 From 1912, Sir Mortimer never made any money on Poillion's advice.....	10	2074	47
Federal Coal in liquidation about 1921.....	10	2075	33
In following 7 years, Sir Mortimer did nothing about operating property.			
Leased to Donaldson on royalty basis.			
Poillion under retainer \$5,000 per annum.....	10	2076	32
Work of past year: Operation of Federal Coals.			
Have not been on the property—Resides in New York.			
20 Standard and Federal producing coal 12 months.....	10	2077	13
No Balance Sheet yet.			
Federal producing coal since 1921.			
Standard not operating as a mine.—Producing through development.			
Produce coal as they get orders for it.			
This going on since 1928.			
Statement of tons mined—But not P. & L. Statement.			
Standard mine never considered by Sir Mortimer....	10	2078	29
Sir Mortimer had Rogers property in view. Dropped by Executors.			
30			
<b>Cross-Examined (cont'd.)</b>			
\$15,000 spent on Federal; balance on Standard.....	10	2079	19
No part of capital or even interest received.			
(Demonstration of Poillion's unreliability).....	10	2079	41
Donaldson parted with 9/10 of stock to Inc. Co.....	10	2080	16
Donaldson got \$100,000 bonds; Inc. Co. \$50,000 bonds.			
40 Donaldson put in 7,000,000 tons; Inc. Co. 700,000 tons.			
On the figures, if deal good, amazingly bad bargain for Donaldson.			
Standard apparently a failure in Donaldson's hands.....	10	2081	20
Donaldson had Overdraft of \$30,000.			
Property only in development stage.			
This was condition when Executors went into deal on Poillion's advice.			

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Mining costs of \$2.75 per ton never checked against figures. . . . .	10	2082	7
Claims profit more than \$1 per ton.			
Estimated profits Cadillac, \$120,000 plus bond interest. . . . .	10	2083	10
Mine operated only to fill orders on hand.			
Standard only produced 10,000 tons in 12 months.			
Federal produced 12,000 tons in 12 months.			
Figures of 70,000 and 18,000 tons are "Expected results."			
10			
Capacity of plant claimed to be 180,000 tons per year.			
Poillion claims to coal mining expert.			
Admits coal mining unprofitable in a great many places. . . . .	10	2085	22
Market limited by freights.			
Many properties opened and abandoned, in last 15 years.			
Admits not expert in oil, but qualified to investigate. . . . .	10	2086	24
C.P.R. or Hudson's Bay Co. have never located profitable area.			
20			
Claims Executors only "exchanged" oil leases. . . . .	10	2087	24
(When pressed), admits took up new areas.			
Sir Mortimer's idea was to get others to do developing. . . . .	10	2088	14
Executors' idea on securing further oil leases was the same.			
No one ever interested, and leases lapsed.			
100% loss to the Inc. Co.			
Sir Mortimer evidently under mistaken impression that oil leases in Canadian West could be obtained for 1/4c. per acre as in U.S. . . . .	10	2088	20
	10	2090	39
30			
Sir Mortimer's opinion re Poillion. . . . .	10	2090	43
May 21, 1927, P-230; " <u>Weak spot, Poillion; lazy, unprogressive fellow, believe should make change.</u> "			
		2092	18
May 25, 1927, P-231; " <u>Poillion is a lazy fellow . . . feel better have some reliable engineer who has some enterprise and grit.</u> "			
		2093	8
Dec. 24, 1927, P-232: " <u>Poillion and his crowd are sleepy heads . . . Should get some good active engineer located in the mining districts . . .</u> "			
40			
Sir Mortimer's plan re Federal Coals reviewed. . . . .	10	2093	36
Letter March 10, 1928, P-233.			
Complains Roger property peddled, and \$25,000 paid for option.			
Instructions for double-checked investigation, cost \$20-30,000.			
Get 12 months option from Rogers, free, for \$250,000 6% bonds.			
Inc. Co. taking \$150,000 bonds and 500,000 shares.			

		Vol.	Page	Line
	\$600,000 bonds to be sold at 90 plus 20% bonus . . . .	10	2095	6
	Set-up: \$1,000,000 6% bonds; n.p.v.l. 1,000,000 shares.			
	\$400,000 bonds to Rogers and Davis.			
	\$600,000 bonds to public, at 90.			
	560,000 n.p.v. shares to Davis.			
	440,000 n.p.v. shares in treasury.			
	Sudbury Property: Drilled before Sir Mortimer's death . . . . .	10	2096	3
	No results—Advised spend no more money.			
10	Sudbury property: Certain that drilling was before death . . . . .	10	2098	36
	Poillion claims that drilling against his advice.			
	Never heard intention to re-drill summer of 1929.			
	His advice distinctly against re-drilling.			
	Unable explain exploration item of \$1,500 in year ending Sep- tember 1928 . . . . .	10	2101	3
	Knows nothing of Hopper-Edwardson; Chibougamou expenses	10	2102	5
	\$1,691 in 1928 and \$1,939 in 1929 . . . . .	10	2102	32
20	Asbestos: Notwithstanding his confidence, Sir Mortimer sold his bonds, Pref. and Common to pay bank . . . . .	10	2103	7
	\$5,000 retainer—Work performed under same . . . . .	10	2104	37
	Federal Coals Co. only work mentioned.			
	Received salary as consulting engineer of Mason Valley.			
	<b>Re-examined.</b>			
	Further qualifications . . . . .	10	2106	13
30	(Further demonstration that Poillion unreliable) . . . . .	10	2106	42
	Contradiction re drilling of Roger property.			
	Cadillac profits estimated at \$1.50 per ton . . . . .	10	2108	21
	Sir Mortimer criticized Poillion previously, but continued to employ him . . . . .	10	2108	38
	<b>By the Court.</b>			
	Work since death: Cadillac consolidation and Mason Valley . . . .	10	2109	44
	Have passed on various properties.			
40	Unnecessary to examine Roger property.			
	Turned down on drilling results.			
	<b>THAT WAS AFTER SIR MORTIMER'S DEATH</b>	10	2110	30
	On properties late fall of 1928 . . . . .	10	2111	10
	Federal property liable to flooding.			
	Advised in favor of Cadillac consolidation . . . . .	10	2112	12
	Informed Donaldson had thickest coal seam in field.			
	Donaldson had put money into Standard.			
	About \$20,000 more should show results.			

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Asbestos: Visited properties once since death.....	10	2113	33
(Court suggests doing something to earn retainer)....		2114	12
Mason Valley: \$350,000 recovered last year.....	10	2114	37
<b>Re-Cross-Examined.</b>			
Sir Mortimer originated plan under which Mason Valley recovery made.....	10	2114	44
10			
Cadillac: Further demonstration Poillion's bad faith.....	10	2115	29
Attempt to mislead Court as to obligation of Inc. Co., to finance Cadillac working capital for an unlimited amount.....	10	2116	30
<b>LINDSAY H. EWING</b>			
Pine Avenue: Property listed with H. Joseph & Co.....	10	2117	12
Listing price \$550,000 during Sir Mortimer's lifetime. Offered \$120,000 May 12, 1926.			
20			
Made two offers after death.....	10	2118	10
Price changed to \$300,000 Sept. 30, 1929. Instructions " <u>To submit offers.</u> "			
First offer through Joseph & Co., Jan. 16th, 1929, \$150,000....	10	2118	27
Second offer Oct. 11th, 1929, \$150,000.....	10	2118	36
Re Listing: Understood it was a "free-for-all," in Oct. 1929 known that property was on the market.....	10	2118	44
30			
Advantage of " <u>For Sale</u> " signs, questionable. Personally, would like to have a sign on property. Impossible position, if each agent put up his sign.			
St. Agathe property is a gentleman's estate.....	10	2120	30
First intimation for sale June 8th, 1928. Not listed with Ewing & Ewing. Got quotation of \$100,000 from Joseph & Co. Never made any offer for St. Agathe. Oct. 1929, inquired whether \$50,000 acceptable.			
40			
Necessary to keep properties up while awaiting sale.....	10	2121	27
Re Listing: (Question implies admission that properties were not listed, except with Joseph, until after quarrel and acceptance of his resignation as Alcohol director, and signs ordered off the property in July, 1929).....	10	2121	37
Practice to give exclusive agency for limited period, or to make it free-for-all from first. If exclusive agency without result, practice to give it to another agent.			

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<b>Cross-Examined.</b>			
		2123	20
Pine Avenue: No listing or instructions before Sept. 30, 1929.. Earliest negotiations, Aug. 1929			
St. Agathe: Property never listed with Ewing & Ewing by Executors..... A lease to a prospective purchaser would be O.K.	10	2125	12
10 Pine Avenue: Very limited chance of selling; very small market for big property; very expensive upkeep..... Difficult to say how much could be realized now. Difficult property to lease.	10	2125	36
St. Agathe: Difficult to say how much could be realized now.. If Sen. Raymond made 2 offers, he would be a good tenant.		2126	9
Pine Avenue: Sir Henry Thornton, who offered \$125,000 would be a satisfactory tenant..... Desirability of tenant and sufficiency of rent are the elements to be considered.	10	2126	44
20 St. Agathe: Unable to say whether operation of farm necessary..		2127	16
Pine Avenue: Maintenance of conservatory and gardeners might not be necessary, but would be an advantage for selling..... Many valuable properties are under lease, but returns are small. \$500 a month for houses, \$250,000 asked. Tenants have the whole cost of maintenance to pay.	10	2127	31
<b>Re-Examined</b>			
30 Rentals would not give a return on asking prices.....	10	2128	37
<b>Re-Cross-Examined</b>			
Sir Frederick Williams-Taylor residence and others in the vicinity are under short term leases..... The Beardmore lease is 3 or 5 years.	10	2129	12
<b>HERBERT C. FLOOD</b>			
40 Investment Foundation sponsored by Flood, Barnes Co..... Public issue March 1929; prospectus, D-129. Representative Board of Directors. Issue made in units: Common, Pref. and Warrants. 1,000 to 1,200 shareholders—Halifax to Vancouver.	10	2130	13
Substantial holdings by all directors.....	10	2131	46
Fiscal year ended March 31, 1930—Statement, D-130..... Claims Company came through crisis favorably..... Optimistic as to future.....	10	2132	9
	10	2134	5
	10	2135	30

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<b>Cross-Examined</b>				
	\$3,000,000 paid into treasury March 1929.....	10	2136	26
	All this in face of screaming warnings. Very little money invested before break. November 1929 Statement, P-77, shows \$737,000 loans, etc. Balance of Capital tied up. Capital impaired, but Dividends paid. Irrespective of depreciation of Capital Assets.....			
		10	2138	23
10	Return on Investment: \$3 on \$50 Pref.; Nothing on Com.....	10	2138	44
	1,500 units cost \$97,500; return \$4,500.....	10	2139	18
	Unit Warrants: Right to $\frac{1}{2}$ share at 20.....	10	2139	37
	Directors' Warrants: Right to one share at 20.			
	Jennison and Lord Shaughnessy each bought 1,500 shares of Directors Com.....		2141	10
	This was Flood's understanding with Lord Shaughnessy. Shareholders' list will show in whose name stock stands.			
20	List of unit holders Inv.-Foundation exhibited. ....	10	2142	16
	Inc. Co. appears as holders 1,500 units. No " <u>Directors' Common</u> " in name of Inc. Co.			
	Jennison and Lord Shaughnessy on list of Com. Shareholders for 1,500 shares each.....	10	2143	12
	Flood as president, knows of no connection between these Common shares and 3,000 Directors' Com- mon, for which the Inc. Co. gave its cheque for \$45,000.....			
			2143	12
	Knows nothing of payments made by Jennison or Lord Shaughnessy for Common shares standing in their names.			
30	Unit prices: Public, \$70; Dealers, \$67.50; Co. Net. \$65.....	10	2144	20
	No commission on purchase by Inc. Co.			
	Terms of purchase of Units and Common, analyzed.....	10	2145	32
	Knows of no relation between absence of entry of Common shares in name of Inc. Co., and two lots of 1,500 Com- mon in names of Jennison and Lord Shaughnessy.			
		10	2146	21
	Claims 1,500 in Jennison's name on instructions. Thinks these instructions came from Lord Shaughnessy.			
40	Understood both Jennison and Lord Shaughnessy purchased for their own accounts.....	10	2147	27
	That they each paid \$22,500 of their own money....			
	List of Directors: 5 outside Canada; } 6 outside Montreal; }.....	10	2148	38
	10 in Montreal. } 3 Flood, Barnes; 3 Rossiter group; 2 Shaughnessy- Jennison; 2 independents (S. Godin-F. B. Common)			

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Executive: Flood, Potter, McMurray, Rossiter, Godin, Common.....	10	2150	12
Investment of funds: Nov. 30, \$739,000 on call, (P-77).....	10	2150	43
Peak of break, Nov. 13th.			
\$2,000,000 on call Sept. 30th.			
Bought shares in October.			
Nov. 30th, held securities carried at \$2,503,787.85...			
Diversification reviewed, (P-260).	10	2153	8
Depreciation, Nov. 30th, \$539,690.			
10      Depreciation, Nov. 13th, was a great deal more.			
Admits serious mistake in buying after Sept. 30th.			
Objects of Investment Foundation: To buy listed stocks.....	10	2155	6
\$353,000 in oils; \$529,000 in mines.			
Flotation made by brokerage interests.			
Traded in market for profit.			
Profit of \$132,954.80 is before deduction of Income Tax.			
Net income after dividend in vicinity of \$6,000.....	{10	2157	34
		2158	17
20      Demonstration difference between cost and market value.....	10	2158	25
Last Preferred dividend declared March 31st.....	10	2159	25
Impossible to say when dividend will be paid on Com.			
<b>Re-Examined</b>			
Amount on call Oct. 31st, about \$650,000.....	10	2160	15
Difference (\$1,350,000) used to buy securities.			
Mostly after the October crash (Oct. 27 or 28).			
30 <b>Re-Cross-Examined</b>			
Investment Foundation securities are not listed.....	10	2163	37
Cost the public \$70 for Units.			
Have bought some at 55 in last thirty days.			
Admits having written letter quoting \$50 per unit.			
Is not prepared to buy the holdings at 55, of Estate.			
Some Common has changed hands at 10.			
<b>Re-Re-Examined</b>			
40      All Directors hold at least 1,000 Common.....	10	2164	37
Flood-Potter holds 4,317 units.			
Flood-Barnes holds 1,456 units.			
<b>BY MR. McKEOWN</b>			
Lord Shaughnessy and Jennison hold no stock, except the blocks of 1,500 Common each, already referred to.....	10	2165	6

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<b>BY THE COURT</b>			
All directors paid \$15 cash for Common. . . . .	10	2165	15
All originally subscribed for 1,500 Common.			
 <b>WALTER M. KEARNS</b>			
Has held "Catalog Sales" of high class furniture 25 years. . . . .	10	2168	12
About 5 each year—Discriminating audiences.			
10 Examined and valued Dining Room furniture March 6th; report (D-131). . . . .		2168	43
Dining room table (5 burnt spots).. \$150.00			
10 side chairs (covers damaged)... 150.00			
2 arm chairs. . . . . 50.00			
2 mahogany (Chippendale) chairs.. 100.00			
Needle point ottoman. . . . . 250.00			
----- \$700.00			
These values for high class furniture.			
Ordinary auction value lower.			
20 <b>Cross-Examined.</b>			
In some instances, private sales would bring more. . . . .	10	2170	13
Have consignments from English and Scotch Estates.			
Goods sold in Catalog Sales.			
Everything bid on is sold.			
In Catalog Sales, things very seldom sold for pittance. . . . .	10	2171	29
Values in report (D-131) prices at Catalog Auction Sale. . . . .	10	2171	34
Replacement value not considered.			
Have considered fact that sideboard and china cabinet			
not included.			
30 If ottoman is old Aubusson, worth \$750.00.			
Valuations represent net, after 15% off—Total \$805.00. . . . .	10	2173	23
 <b>SIR JOHN AIRD</b>			
President of Canadian Bank of Commerce—52 years service. . . . .	10	2175	12
Shaughnessy a director for past two years.			
(Reasoned objection to opinion evidence by witness). . . . .	10	2176	3
40 Bankers of Inc. Co. since 1925. . . . .	10	2177	3
Attended in person to taking over of account.			
Informed that Lord Shaughnessy would be in charge			
of Co. . . . .			
Subsequently, the Inc. Co. and Alcohol loans ran up to			
\$4,000,000 or \$5,000,000.			
Practice to see Sir Mortimer two or three times a year.			
Last saw him in Cannes the day he died.			
Discussed general business of his companies.			
(General objection to evidence of conversation).			

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	Sir Mortimer expressed satisfaction as to management. Said intended to devote less time—Take it easier. Said he had every confidence in business being capably managed.			
	As banker, offered no criticism . . . . .	10	2180	20
	Satisfied business was running satisfactorily. (Renewal of objection to opinion evidence). Have always been satisfied that account safe under management . . . . .	10	2181	24
10	Letters from Bank (P-129 and P-136) set forth Bank's view . . . . . (Renewed objection to uselessly airing correspondence between Lord Shaughnessy and Bank) . . . . . Bank's attitude against any change, confirmed . . . . . (N.B.—Citation from P-136 in deposition is erroneous—See Vol. 2, page 287, 11. 23-39) . . . . .	10	2181	41
			2182	32
		10	2184	46
		10	2185	3
	Drop in sales: Increased competition and legislation . . . . .	10	2185	25
20	Merger: Commerce is not banker of Hiram-Walker . . . . . Not interested in promoting merger. Some mergers are good, others are not. Would have to go into figures fully. At present, distillery is precarious business . . . . . Subject of merger would have to be gone into very carefully to decide whether desirable or not—would depend on terms.	10	2186	6
		10	2186	45
	<b>Cross-Examined.</b>			
30	At Cannes, discussed Sir M.'s affairs with Bank . . . . . Loan of considerable amounts outstanding. \$2,250,000 in N.Y. branch on McNish Debentures. The Montreal loan over \$1,000,000. General business of the Company discussed. Sir Mortimer was going to take things much easier. Trying to rid himself of responsibility of management.	10	2187	9
40	QUERY: Did Sir John know that the Alcohol Statement of 1928 and 1929 did not disclose all direct and contingent Liabilities and Guarantees? . . . . . (Impossible to get definite reply from witness). Bank had knowledge of the liabilities not shown on Balance Sheet, but did not realize that the same did not disclose the true position . . . . .	10	2189	6
		10	2190	19
	Even realizing the position, would still approve of management . . . . . Did not consider Co. was giving Bank misleading statements . . . . .	10	2190	34
		10	2191	20
	Would still praise Lord Shaughnessy's management, even with knowledge that he was hiding the bank overdraft in the Bills Payable, to deceive his directors . . . . .	10	2191	25

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Sir John's viewpoint interested purely and simply for bank . . . . .	2191		37
Called \$6,000,000 or \$7,000,000 March 21st . . . . .	10	2192	32
Approved Manager's letter explaining call.			
Explanatory letter of Bank reviewed . . . . .	10	2193	20
Reference to litigation.			
legislation at Ottawa.			
Govt. claims against Alcohol.			
10 Inc. Co. interested in Alcohol, also its own indebtedness.			
<u>"Bank is not desirous of embarrassing any of the</u>			45
<u>Coys. Nor does it desire to interfere with the</u>			47
<u>litigation. Obviously its position . . . impartial</u>	2194		3
<u>observer."</u>			
<u>"Litigation and other circumstances referred to</u>			
<u>materially change situation."</u> . . . . .	10	2194	5
<u>"If menace of litigation removed and operations of</u>			
<u>companies without further hindrance, assured</u>			
<u>Bank will be pleased to consider advisability of new</u>			
<u>loans to enable continuance of business operations."</u>	10	2194	18
20 Admits loans called: Refusal of renewals and further credits unless conditions complied with . . . . .	10	2194	27
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(Resignation of Lord Shaughnessy and Reaper suggested to end lawsuit, and satisfy Bank).			
30 Letter, March 22nd, 1930, (P-135), from Lord Shaughnessy to Bank . . . . .	10	2195	19
(Invites Bank to define its meaning re "carrying on the companies without hindrance after the removal of litigation," and more particularly its desire in the matter of changing the management.			
Letter, re "Impartial observer" followed by the Bank's letter on March 24th, stating that no change in the management is desirable. (P-136) . . . . .	10	2195	40
A new understanding for carrying on the business and making fresh advances has been reached . . . . .	10	2196	3
<b>40 A. M. REAPER (for Defendants)</b>			
Price, Waterhouse & Co.: Mr. Smith reported ill . . . . .	10	2197	15
Inc. Co.: Percentages of expenses and profits to Gross revenue for ten year period . . . . .	10	2197	39
Investment Foundation: Inc. Co. holds endorsed Certificates . . .	10	2202	13
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	10	2206	14
Inc. Co.: Reduction of salaries not considered . . . . .			
	10	2206	26
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10 McNish Debentures: Independent shareholders took up their full quota—Bank loaned \$2,250,000 at 4½% . . . . .	10	2208	12
<b>LORD SHAUGHNESSY (for Defendants)</b>			
	10	2211	25
Funeral expenses: Bronze casket ordered by M. B. Davis, Jr. . . . .			
	10	2212	16
Reading of Will: on night of funeral . . . . .			
	10	2212	29
Estate: Very little assets except Inc. Co. . . . . Obligations large.			
	10	2215	31
20 Succession Duties: Decided pay nothing till final settlement . . . . .			
Admitted to practice 1910—K.C. 1920 . . . . .	10	2216	32
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Sir Mortimer's withdrawals . . . . .			
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More distilleries: Increase from 18 to 29 since 1925 . . . . . 2 years required to mature.			
	10	2221	36
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	10	2222	33
30 Precarious industry: "Always in the offing." . . . . . In last year or two, very decidedly worse.			
	10	2223	12
Detroit River: Sorely crippled; now killed . . . . . Causes: Ont. Liquor Commission, re docks. Excise Dept., Ottawa, Jan. 1929. Shipments curtailed.			
	10	2223	33
Alcohol affected far more than others . . . . .			
	10	2224	21
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	10	2224	29
40 Market depreciation: Same threat . . . . . Hoover election. U.S. increase of vigilance.			
	10	2225	5
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	10	2226	16
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10 Sale of Directors' shares detrimental.....	10	2230	21
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Agreed to supply Balance Sheet. Sent Lawrence with the information. SEAGRAM DISTILLERS OUT OF PICTURE.			
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"This thing is off, etc." (Would have continued but for action.)			
20 No information worth communicating to Lady Davis.	10	2237	37
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20 D-115, Nov. 1925, do			
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40 No market for sale of Debentures.			
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	Claim Sir Mortimer suggested \$10,000 for Reaper in 1926. (?)			
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20	News clippings: No explanation of attitude of press.....	11	2342	26
	Could have verified facts by inquiry.			
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30	Lord Shaughnessy's Contract: Auditors Report 1925, D-53....	11	2346	25
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40	Meeting, October 18th: Claim Lady Davies agreed merger negotiations.....	11	2358	45
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	Couleur de rose 1928: excuse for plan to finance by loans.....	11	2360	22

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	Rolls: Took auto to find purchaser.....	11	2361	35
	Admits could not buy.....	11	2370	34
	Told Godsall taking car to test and sell it. Never told Matthews car purchased. Application in Matthews' handwriting. Matthews must explain application.			
10	do Contradicts Godsall's evidence (page 60).....	11	2369	45
	do Not worth repairing.....	11	2370	35
	No effort to sell car. Fire insurance. Returned after threat of Courts. Liability Insurance paid by Estate. Never got an estimate on repairs.			
	Dining Room Furniture: As Executor, could accept same in payment.....	11	2375	9
20	Succession valuation low. If valuation over \$1000.00 would return furniture. Adjustment delayed until after new valuation. New valuation by Kearns. Have not accepted same yet. Legacy appears on books for full amount.			
	Watch, chain, etc.: Admits receipt of same in N.Y.....	11	2382	36
	Claims no connection with legacy.			
	Drop in sales: Increase in number distilleries.....	11	2385	36
	Detroit River: Orders in Council, Feb. 1929.....	11	2386	3
30	Contemplated building warehouse. All business not affected. Detroit is more than half of duty paid.			
	Drop in sales: Started with Parliamentary Inquiry, 1926.....	11	2388	46
	Royal Commission, 1927. About the same report as the Committee. Probe finished June 27, 1927.			
	do Announcement of McKenzie King and Euler, session 1928. June. Hoover election, Nov. 1928.....	11	2390	34
	do Walker started Am. Rye Feb.-March, 1927.....	11	2391	38
40	Distillers-Seagrams started summer 1927.			
	European trip 1928: Business and pleasure.....	11	2392	40
	Kandelafte and McNish. Matters could not have been treated by letter. Could not McNish have come over here?			
	European trip 1929: Back on June 8th—Business trip.....	11	2394	32
	Partly McNish and partly business. Considering selling stock and buying Debentures. Sent for Lauster to complete business.			

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	Jennison: No inquiry from mercantile agencies . . . . .	11	2395	26
	No details from Coverdale.			
	No particulars from Governor Smith.			
	McAvity is Jennison's co-director.			
	His report general.			
	Jennison said had charter.			
	Jennison: Ontario Brewing deal not completed . . . . .	11	2397	41
	Unable to give any details.			
10	Alcohol "B": At death, things in good shape, largest profit . . .	11	2398	41
	Would not sell 10 points below market.			
	Nothing of alarming nature in sight.			
	Parliamentary Commission, 1926.			
	Bootlegging business known.			
	Business against the law.			
	Business risky and difficult.			
	Purchasers difficult to get at.			
	"Precarious Business."			
	Walker and Seagram competing.			
	Increased distilleries, 1925.			
20	All above facts at Sir Mortimer's death.			
	Why not get rid of the shares at profit?			
	Ans.: These were only rumors.			
	Border business good; even better than ever.			
	No action on Government Report.			
	Increased distilleries; did not think would last.			
	Some are dropping and unable to continue.			
	Would not cause anyone to get panicky.			
	If material, we should have sold "A" stock as well.			
	No particular reason to rush selling.			
	do Evidence re "precarious business," cited . . . . .	11	2401	16
30	do "B" stock created to sell . . . . .	11	2402	14
	Admits Sir Mortimer would have sold at about market, if could do so without crash.			
	do Efforts to sell in New York . . . . .	{11	2403	46
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	Y.M.H.A. Donation. All verbal; no written evidence . . . . .	11	2405	44
40	Directors: Gaudet and Joseph stock sales . . . . .	{11	2406	36
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	Drop in Sales: Alcohol has more distilleries, warehouses and bottling plants than competitors . . . . .	11	2408	41
	Marler shares; Reviewed . . . . .	11	2409	47
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P-253, "Am not sufficiently informed." Cable, March, 1927.			
P-254, April, 1927, Disappointed not to hear oftener.			
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20 P-257, Nov. 1927, Showing intention to sell "B" at 35-38.			
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	do Lady Davis said Lord Shaughnessy would like jewelry. Lord S. mentioned \$1,000 bequest, and that he preferred a piece of jewelry. Gave watch, chain and match-box.	11	2460	29
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## PART II — EXHIBITS

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**30**      **COMPILATION SHOWING INITIAL REFERENCES  
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