VERY SEVERE ARRAIGMENT.

Insurance Commission's Report Contains Grave Charges Against Foster, Fowler and Other Western Land Speculators.

FORESTER FUNDS' MANAGEMENT AND RAKE-OFFS ROUNDLY CONDEMNED.

Ottawa, Feb 27.—The report of the insurance commission was presented to parliament yesterday. It was a voluminous document dealing with the subject of insurance generally, the various companies the insurance department and fraternal organizations.

One of the most important features of the report is that in reference to the Foresters and the doings of Messrs. Foster, Fowler and others in connection therewith.

FORESTERS' REPORT.

The report upon the Independent Order of Foresters reviews the early history of the society, and explains its objects, and the constitution of the supreme court. It deals with the extension of the order outside of Canada.

The report continues: "The tide of extravagance which was flowing in Australia seems to have alarmed the supreme chief ranger, and in the interests of economy, Hon. Dr. Montague was sent out to Australia, armed not only with a contract with the order for five years from first of January, 1901, but also with a sort of royal commission, signed and sealed by the supreme chief ranger, naming him inspector general of the order and giving him rank and precedence over all matters, district superintendents and deputy supreme chief rangers in any jurisdiction he might visit. How this gentleman carried out his mission of economy may be judged by a glance at the Australian figures for 1901 and 1902, which years cover the history of Dr. Montague's Australian work. The receipts on expense account during these years were $2,177 and $2,330 respectively, and the expenditures on general account $128,517 and $147,688 respectively.

BRIBED AUSTRALIAN GOVERNMENT.

"No doubt the fall in the figures after 1902 was largely due to an unfortunate episode, the culmination of which was the finding by a Royal Commission appointed by the government of Victoria, that Dr. Montague, the accredited agent of the order, had been guilty of a corrupt offer of money to a member of the legislature and of a corrupt payment of money to the prime minister in the interest of and for the benefit of the order. What his relations with the prime minister in the interest of and for the benefit were is sufficiently indicated by a very full report made by him. The prime minister was to "vindicate us (the I. O. F.) by personally answering in parliament, questions which I would prepare and have asked in the house, and the answers to which I would prepare for him."

The report goes on to say that after the I. O. F. came under the supervision of the finance department by reason of the persistent adverse criticism of the deficit in the general or expense fund, the executive of the order took steps to improve the situation.

Inroads continued to be made upon the mortuary fund notwithstanding all the protests of the department and the virtuous resolutions of the executive. On the 16th of October, 1905, the total decrease on the mortuary funds and of the contingent fund which formed part of it, was $521,-400 including interest and a total decrease of the sick and funeral fund of $230,534, including money loaned to the Orphans Home fund. It was decided to practically abandon the whole foreign field, and to confine the expenditure of money for organization or extension purposes to Canada and the United States. The report says: "Such is the history of an ill-advised extravagant attempt to carry the fraternal methods of this order into foreign and unsuitable fields, and of the consequent breach in its mortuary resources, a breach whose dealing up to September 9, rested solely upon the resolution of an executive which for years had been passing resolutions only to break them."

The report explains how the Temple building was erected, and the money obtained by evasion of the law.

FORMING A TRUST COMPANY.

Reference is then made to the securing of the control of the Provincial Trust Company by the I. O. F., and the establishment of the Union Trust Company. The report says: "At first the public was to be invited to contribute to the capitalization ($2,-000,000), but as the possibilities of the scheme developed, its authors accustomed themselves to less generous views until ultimately the order itself became sole holder of the capital stock (buying at 110) save forty shares, subscribed and paid for by the late Dudge McDougall, Hon. Geo. E. Foster, Matthew Wilson, K. C., and Col. John I. Davidson, each of whom took ten shares and a seat on the board."

"Mr. Wilson, in the negotiations, was paid by both sides. The Union Trust Company, to which had been transferred all the assets of the Provincial Trust Company, succeeded in unloading upon the Foresters, in a manner which no witness has ventured to explain, such of those assets as were considered bad or doubtful. It was attempted to account for the creation of this company as a sort of investing department of the Foresters. This explanation might have applied to the original scheme, which was to obtain a controling interest in the small capital stock of the Provincial Trust Company, though an investing department might well have been organized and equiuped without even that outlay. But it appears impossible to attribute the scheme in its final development to any such idea. The purpose then was undoubtedly to embark in speculative transactions.

MR. FOSTER'S LARGE IDEAS.

"Mr. Foster was invited to become the managing director and in his letter to the supreme chief ranger of April 30th, 1901, he says: "To make our business foundation bread and firm we should make sure of a generous paid up capital so as to give confidence to our patrons and provide a basis for operations on an active and enterprising scale. We cannot afford to go limping along at slow gait. I can see the elements of a powerful and a profitable combination if we can only bring them together' "

The report continues: "The company was not intended to obtrude its paternity upon the public with whom it was to do business, nor was it deemed prudent that the personnel of its directorate should indicate its real relation to the order." Accordingly when the company organized in September, 1900, four worthy gentlemen, already mentioned, whose names had not been in any way identified with the order, were chosen directors.

"The changes made in the board down to the commencement of the insurance inquiry were two in number, Sir John Boyd, chancellor, of Ontario, succeeded Judge McDougall on the latter's death in February, 1903, while at the annual meeting of shareholders in February, 1905, Hon. G. W. Ross was added to the board, purchasing shares to the number of ten, the chancellor retiring in October, 1905.

The report proceeds: "The Union Trust Company became a great engine of investment for the Foresters. No limitation upon investments was made with reference to the insurance act so far as moneys of the Foresters took the form of capital stock.

BOLD OPERATIONS.

"The operations of the company were bold and multifarious, embracing timber limits, saw mills, western lands, United States railway securities, residential flats, and loans and other assistance to officers in their private speculations."

The company held on December 31st 1905. United States railway and foundry securities at a cost of $449,-110. The estimated value of which was then only $347,500. The company at the same date had, besides, the following assets: Kamloops Lumber Company, par value, $315,000; Alexandra Palace Stock, par value, $130,000; Improved Realty Companies' stock, par value, $60,008; Union Bank shares, par value $160,-000; Northern Bank shares, par value $50,000; Nanaimo bonds, par value, $26,005; Crows Nest pass coal, par value $12,500—Tatal, $911,505. This amount added to the railway and foundry securities gives a total of $1,360,645."

FOSTER'S COMMISSIONS.

The report proceeds to give the particulars of the Montague syndicate loan of March 1902, and the conveyance of the lands purchased to the Union Trust Company in trust. It mentions that "in connection with the purchase of the Carrot River lands, a commission of $10,000 was due by the vendors to the Pritchard, their agent. Of this commission Mr. Foster received one half, $5,000, causing a cheque of the Union Trust Co. to issue to his order for the amount, and deducting it from the first payment to the vendors. This, he said he divided equally among the members of the syndicate, and he spoke of it as a reduction made by reason of his efforts in the price of the land rather than on a commission.

The report says: "Assuming the money to have represented a reduction in price, it seems difficult, in view of the trust upon which the Union Trust Company, to its managing directors' knowledge held these funds, to understand the division of any portion of them among the borrowing syndicate. What the moneys were deposited with him for was to purchase land to add to the security held by the I. O. F."

Referring to the purchase of Swan River lands and Mr. Foster's retention of $2,480 as commission the report says that the amount was not divided with the other members of the syndicate, but is professed to be held to await a final settlement of their accounts interse. It is not apparently anywhere on deposit or earmarked in any tangible form, and its diversion to either the private account of Mr. Foster or to the account of the syndicate was, like that of the $5,000, inconsistent with the trust upon which the funds were held."

Continuing the report says: "In an alternative view both these instances may be treated from the standpoint of the duty of Mr. Foster to his employer, the Union Trust Company. His right to make a commission or profit out of the business that company was tranacting as trustee cannot stand upon any higher ground than in the case of its beneficial business. These instances, may, therefore, well fall within the principles of criticism implied by Mr. Stevenson in his correspondence with the chancellor, to Mr. Foster's proposal to receive commission on purchases made by the Union Trust Company, to which principle Mr. Foster professed to have given his cheerful and immediate adhesion.

"Indeed," says the report, "if Mr. Foster had borne in mind the drastic dealing of the Union Trust Company's board at a meeting held Dec. 7th, 1901, in the case of the company's solicitor receiving similar commission he would have avoided both of these transactions."

THE FOWLER SYNDICATE.

The report next takes up the formation of the Great West Land Company by James H. Pope, Geo. W. Fowler, W. H. Bennett and A. A. Lefurgy, M. P.'s. It explains the purchase of 200,000 acres of land by this syndicate from the C. P. R. at $3.50 an acre, and the manner in which the enterprise was financed by the Union Trust Company. The account is of a minute and technical character. It says that Messrs. Pope and Fowler retained some 6,500 out of the 200,000 as being contiguous to the anticipated and projected line of railway, but none of the persons with whom they were negotiating seemed to have been made aware that either of these reservations had been maue. At one time it looked as if the lands would be transferred to the New Ontario Farm and Town Sites Syndicate at an advarce of 50 cents an acre and the report says it was "the avowed intention of Messrs Foster, McGillivray and Wilson from the beginning to make the profit last ramed of 50 cents an acre for themselves."

TRUST COMPANY FOUND THE MONEY.

The report expatitiates upon the subsequent transfer to the New Ontario syndicate, which eventually became the Great West Land Company the profits of which were received by Messrs. Foster, McGillivray and Wilson. It points out that all this time the Union Trust Company was finding the enormous sums of money in connection with these land transactions. Up to the first of January 1904, the total advances amounted to $46,602. On May 30th, 1905, the board of the trust company decided to advance to the lard company up to $900,000, taking as security 9 per cent. bonds of the land company based upon a first mortgage upon all its property. In that year Mr. Stevenson, becoming alarmed at the enormous sums of money belonging to the trust company then invested in lands in the Northwest, agitated in the board for an alteration of its policy, and among other things seemed to have advocated turning all the advances made to the land company into an interest bearing mortgage. This involved the abandonment of the capital stock alloted in respect of these advances; 837½ shares were divided with practical equality between Messrs. Foster, McGillivray and Wilson. None of the three gentlemen concerned seemed to have seen any impropriety in taking part in the discussion at the board of the Union Trust Company of a question in which their interests were so vitally opposed to those of the trust company. The report adds:

KEPT CO-DIRECTORS IN THE DARK.

"It is impossible to lose sight of the further circumstance that in the of the transaction, that whatever the intention of these gentlemen may have been their co-directors, Messrs. Stevenson, John Boyd and Col. Davidson were left under the impression that they were putting up their own funds and were not made aware of the fact, as to which the minutes are entirely silent from beginning to end, that they were making a personal profit. The lack of proper viligance on the part of other members of the board, though explainable by their confidence in their co-directors, ought not to escape observation.

"In 1903, Geo. W. Fowler, William Irwin and George McCormick brought before the Union Trust Company a proposition for purchasing timber limits in British Columbia. The proposition was that the property should be jointly purchased and turned over to a company to be formed of whose stock the trust company should have 51 percent and Fowler Irwin and McCormick 49 percent, but the trust company advancing all the money required. Irwin and McCormick were to supply the practical knowledge, Fowler the business of negotiating the purchase.

Fowler, in his testimony, asserts that he was the out and out owner of the option and that he approached the trust company as the proposing vendor. G. E. Foster and Stevenson speak of Fowler as having entered upon the negotiations for the purchase for those who were expected to be interested.

WHERE THE RAKE-OFF CAME FROM.

Two agreements were prepared and executed, one of wgich was to be operative between Ryan and Fowler, selling him the property, less the three smaller limits, but embracing the twenty-eight acres, for $170,000, while the other, which was to be put forward to the Union Trust Company as the real bargain, professed to sell him the same for $225,000.

"Fowler does not pretend that he ever disclosed to the trust company the real option on another larger property at $2000,000, nor the real bargain on the smaller property at $170,000. The fictitious option of $250,000 was alone put forward in the case of the larger property and in the later negotiations the fictitons agreement of sale of $225,000 was alone put forward. These options were secured by Fowler from Ryan. The difference between the $225,000 paid by the trust company and the $170,000 was paid over by Ryan to Fowler, amounting to $2,500 and probably $7,000. He paid Mc. Cormick $1,000 and Irwin $12,000.

"Fowler became entitled to 650 shares in the capital stock of the Kamloops Lumber Company, formed to take over the properties purchased from Ryan. Foster had a verbal arrangement with Fowler to get 300 shares indemnifying Fowler against his obligation to pay for them to the Union Trust Company which had advanced all the money. This was reduced to writing."

The report says: "It seems unfortunate that this dealing by the managing director (Foster) was not disclosed to his company until after the inquiry was commenced."

The report then deals with the purchase of the Okanagan Lumber Company's property at Enderby (B. C.), consisting of mills and limits. The Okanagan Company purchased for $40,000 the property which it was proposed to pass on to the Kamloops Lumber Company for $125,000. In addition the Kamloops company paid $11,000 for the purchase of logs from the Okanagan company.

"Mr. Foster says it was Irwin and Hamilton that were specially sent. Mr. Fowler says that he had nothing to do with the negotiations which resulted in the option given to him on the 23rd May, 1904, but was sent to Enderby after the matter had been completely arranged, for the formal purpose of taking an option upon the arranged terms.

"Mr. Stevenson says Mr. Fowler represented, as he understood it, 'our company,' and his associates, Irwin and McCormick, in the negotiations for that property.

"It is clear that the option of 23rd May was given to Fowler and on the same day he was given two powers of attorney by the Okanagan Company authorizing him to receive purchase moneys under a sale made to the Kamloops Lumber Company. The whole purchase money, $175,000 for the property, and $32,000 for the logs, was paid to Mr. Fowler by the lumber company for the Union Trust.

Irwin, McCormick and Fowler represented that the property had been sold at such a figure as would give each shareholder two for one and settle with him on that basis. The balance was divided among Hale, McCormick, Irwin and Beattie, who seem to have been the only remaining shareholders and Mr. Fowler, but in what proportion the commission has not discovered. Mr. Fowler does not pretend to have made any disclosures of these matters to his associates who represented the Union Trust's interests.

Messrs. Fowler, Irwin and McCormick also negotiated the sale to the Kamloops Company of the Shuswap Shingle Company which leave an option to Mr. Foster as trustee at $40,000. Peter Ryan claimed a commission of $5,000 on this sale and offered Mr. Fowler half of it.

The Union Trust Company finally sold out their investment in the Kamloops Company, fortunately says the commission, at a profit. On 9th April, 1906, the Foresters executive decided to part with their controlling interest in the Union Trust. The details of this process are given at great length, and the report describes the accounts given by the various parties as remarkably contradictory.

"If it could be supposed that Mr. Wilson, agent for the vendor, stipulated for a secret commission in cash and stock from a vender who was acting for himself and others, and that the latter made a cross stipulation that the commission in cash and stock should be secretly halved with him, all the admitted facts would harmonize themselves with a theory which would at least be intelligible."

Under the agreement of sale, says the report, "Mr. Duvernet received all dividends, but the Foresters retain the voting power. The relations heretofore existing between the Foresters and the Trust Company with regard to investments by the latter of the former's funds are revived and continued for ten years subject to six months notice. If the purpose of the revolution of 9th April, 1906, was to part with control of the Trust Company this agreement does not adapt itself with expedition to the purpose."

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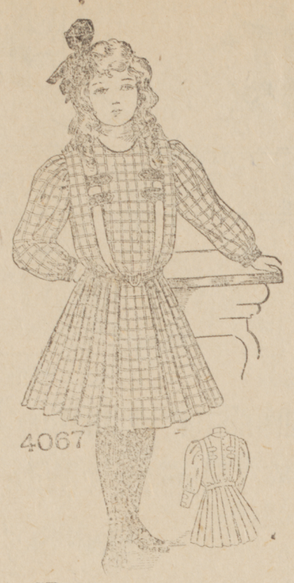

SERGE AND TAFFETAS.

Quite as much study is expended upon the small girl's dresses as upon any that dame fashion creates. An example of clever design is illustrated in the dress shown where the trimming effect is gained by an under and over-blouse. The former may be of any washable or contrasting material, and if the pipings are of a color to harmonize the result is fetching. The under-blouse might be any guimpe except that it has ro sleeves and extends to the waistline. The skirt is side pleated very graceful for the growing girl. A serge, mohair, or one of the novelty worsteds may be used for the dress, 6¼ yards of 44-inch material being needed for the medium size.

4067—Sizes, 6 to 14 years.

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Measurement—Waist..... Bust ... .

CAUTION.—Be careful to send size of pattern wanted. When the pattern is bust measure you need only mark 32, 34, or whatever it may be, When in waist measure, 22, 23, 26, or whatever it may be. If a skirt, give waist and length measure. When miss' or child's pattern write only the figure representing the age. It is not necessary to write "inches" or "years." Patterns cannot reach you in less than three or four days from the date of order. The price of each pattern is 10 cents in cash or postal order or stamps.

There are some women who seem to be perennially youthful. The grown daughters are companions as well as children, and the color in the mother's cheeks, the brightness in her eyes, the roundness of her form, all speak of abounding health. What is her secret? She is at the middle age of life when so many women are worn, wasted and faded, and yet time has only ripened her charms. The secret of this matronly health and beauty may be told in the brief phrase, Dr. Pierce's Favorite Prescription. The general health of woman is so intimately related to the total health of the delicate womanly organs, tnat where these are diseased, the whole body must suffer. "Favorite Prescription" dries the debilitating drains, heals ulceration and inflammation, cures natural vigor and vitality. Women who have lost their health and their beauty have been made "robust and rosy cheeved" by the use of this marvelous medicine.

IN THE SUPREME COURT.

In the matter of the Winding up Act and
In the matter of the Frederciton Boom Company:

By an order made by the Honorable William Henry Tuck, Chief Justice of the Supreme Court of the Province of New Brunswick in the above matter, dated the twelfth day of February, A. D., 1907, on the petition of Jasper A. Winslow and J. J. Fraser Winslow, shareholders in the above named company, it was ordered that the Fredericton Boom Company above named and the business of the said Company be wound up under the provisions of "The Winding Up Act," and by said order Lewis H. Bliss of the Parish of Saint Mary's, was appointed provisionally a liquidator of the estate and effects of the said the Fredericton Boom Company, and it was further ordered that the said Lewis H. Bliss do on or before the first day of March, A. D., 1907, give security to be approved of by the said the Honorable William Henry Tuck himself, the said Lewis H. Bliss in the sum of two thousand dollars and a security bond in the sum of three thousand dollars for the faithful performance of his duties, and it was further ordered that all moneys received by the said Lewis H. Bliss as such liquidator provisionally over and above such sums as he may legally pay out and disburse in his capacity as such liquidator provisionally shall within seven days of the receipt thereof be paid into the Bank of Montreal in the City of Fredericton in the County of York, to the credit of the official liquidator or liquidators of the said Company, And it was further ordered that the costs of the petitioners be taxed by Clerk of the Supreme Court and paid by the said Provisional Liquidator or by the official liquidator or liquidators out of such moneys as may be received by the said liquidator provisionally as such liquidator or as may be received by the official liquidator or liquidators as such official liquidator or liquidators.

WINSLOW & ALLEN,
Solicitors for said Petitioners.

Feb. 15, dtf.

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Assessors' Notice

Public Notice is hereby given that the undersigned has this day been duly sworn into office as

Principal Assessor
..OF..
RATES and TAXES

In the City of Fredericton.

Any person liable to be assessed in the City may, within Thirty Days after the publication of this notice, give to me, the said Principal Assessor, a statement in writing under oath, before the Mayor, City Clerk or the undersigned, of his or her Property and Income, according to the form provided in "An Act to Consolidate and Amend the Law Relating to the Levying Assessing and Collecting of Rates and Taxes in the City of Fredericton."

Forms can be had from the Mayor, City Clerk, or the undersigned.

Any person neglecting to make a statement to the Mayor, City Clerk, or the undersigned, according to the above advertisement, previous to the Assessment Roll being made out, if dissatisfied with their Assessment, will be required to appeal to the Assessors by Petition, in strict accordance to the instructions on the back of their Tax Notices.

Dated this 14th day of February, 1907.

E. WETMORE HENRY,
Principal Assessor.

Feb. 20—d1mo.

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