# MINUTES OF EVIDENCE

HOUSE OF COMMONS,

MARCH, 30, 1933.

The Select Standing Committee on Agriculture and Colonization met at 10.30 a.m. Mr. Senn presiding.

The CHAIRMAN: Gentlemen if you will come to order I think we are ready to proceed with the taking of evidence, and Mr. Cousins and Mr. Monette are both here to give evidence. It is the wish of the committee that these gentlemen be heard. Carried.

ERNEST ALBERT COUSINS, called and sworn.

*By the Chairman:*

Q. Mr. Cousins, what is your position?—A. President of the Ernest Cousins Dairy Company, Montreal.

Q. Have you a statement to make first?—A. Gentlemen, I understand when my son was here that he gave you all the necessary information that was requested. When he came home he said that you desired some further information. I have the synopsis of the information you require here which I shall be very pleased to give you and any other information that you desire for the betterment of the agriculturist and the milk dealer, because I may say that we are both in the unfortunate condition of being in a poverty stricken condition at the present time. Now, I understand the first thing you desire is a report of the statement, the audit statement of 1931. I have that here. I see that you have a compendium of this in the Agriculture and Colonization minutes of proceedings and evidence Tuesday, March 14; so, I am open to answer any questions that you desire. I can go right through this evidence again if you so want it, but I think it is quite unnecessary.

The CHAIRMAN: There are a number of copies of this evidence here, a few—not enough for all the members of the committee—but so far as we can hand them around they are available. Now, there were certain questions which Mr. Tummon, a member of the committee, desired to be answered.

The WITNESS: The first of these, profit and loss statement for the year 1931, I have it. Do you desire I should read it?

Mr. BROWN: The 1932 statement had not been audited when we had the report.

The WITNESS: That is the fact, and it is not properly audited yet, but I have it.

*By the Chairman:*

Q. Is it the same statement as was included in the original minutes?—A. Exactly.

Q. There is no need of reading it again?—A. No, not without necessity.

Mr. BOWMAN: May I be permitted to ask Mr. Cousins a few questions with regard to the financial set-up of this company?

The CHAIRMAN: May I say, gentlemen, at the beginning that when you are asking Mr. Cousins and Mr. Monette questions based on the evidence that was given formerly, if you will give the committee the page on which the information is contained and upon which your question is based it will be helpful to the reporter.

The WITNESS: Probably I can give you an answer to the question you desire.

*By Mr. Bowman:*

Q. Wait a moment until I ask it?—A. Yes.

Q. When was your company formed?—A. I might say that my business was started by myself in the year 1889. It ran under my own name, and it is run under my own name yet, but in the year 1914 we formed a company.

Q. What was the capitalization of the company at that time?—A. The capitalization of the company at that time was in the neighbourhood of $125,000.

Q. You say "in the neighbourhood;" can you tell me what it was?—A. You desire that I should read you this whole thing?

Q. No; answer the question?—A. "Ernest Cousins Limited— Capital Structure: Ernest Cousins Limited was incorporated under Dominion Letters Patent dated the 9th of April, 1925, with an authorized capital as follows—"

Q. Just a minute. Will you kindly refer to 1914 and tell me what the capitalization of the company was at that time?—A. I have not those figures, because that was a company that was incorporated under my own name and did not concern any person at all. It was an incorporation of $125,000.

Q. You remember the capital set up?—A. Yes.

Q. What was it?—A. About $125,000.

Q. In common stock?—A. No stock. There was no stock issued. Practically I held everything because it was my own business.

Q. Did you issue stock at that time?—A. I did not.

Q. None at all?—A. None at all.

Q. It was just a registered company?—A. Exactly.

Q. It was not a joint stock company?—A. Exactly.

Q. When was the next change in the financing of the company?—A. "Ernest Cousins Limited was incorporated under Dominion Letters Patent with an authorized capital as follows: 5,000 7 per cent cumulative redeemable preferred shares of $100 each; 10,000 shares of no par value. Supplementary letters patent were obtained during 1928—"

Q. Just a moment. Let us deal with 1925. You say at that time there were 5,000 shares of preference stock?—A. 7 per cent cumulative redeemable preferred shares of $100 each.

Q. How many were issued?—A. It was all issued.

Q. Ten thousand shares?—A. Of no par value.

Q. Now, were those 10,000 shares all issued too?—A. Yes. They were all issued.

Q. In 1925 what were those no par value shares carried at as a liability on the ordinary balance sheet of the company?—A. "Supplementary letters patent were obtained in 1928—"

Q. Just answer my question?—A. This will tell you.

Q. No. What were the no par value shares carried at on your books after you had reorganized in 1925?—A. The no par value?

Q. Yes. What were they carried at on your books?—A. That I cannot tell you. They were no par value and they were issued with the preferred stock.

Q. Quite true, but they are carried—they are recently carried on your books at a certain value, are they not?—A. If you will allow me to read this.

Q. Answer my question?—A. My mind is not good enough to answer these things without referring to the figures. Figures cannot lie, and here are the facts.

Q. Cannot you tell me now what your no par value stock is carried at on your ordinary annual audit statement?—A. I will give it to you right here: Capital stock authorized, preferred 14,124 7 per cent cumulative shares, redeemable shares at $25 each. That is the price of those shares. 10,000 shares of no par value issued; preferred 6,125 shares at $25 each; 10,000 shares of no par value issued at $5 per share.

Q. Now, what statement are you reading from?—A. 1931.

Q. 1931? So that these no par value shares in 1931 are carried at a nominal value?—A. $150,000.

Q. $150,000?—A. Exactly.

Q. Now, you said a moment ago, referring to the 1925 set-up that there were 5,000 shares of 7 per cent cumulative stock valued at $100 all of which were issued?—A. Evidently, yes.

Q. In other words, you would have $500,000 worth of preference stock outstanding?—A. No, no. The amount outstanding is $153,100.

*By the Chairman:*

Q. To-day; but in 1925?—A. There is no difference between then and now.

*By Mr. Bowman:*

Q. Oh, yes. I am sorry. You made a further set-up in 1928 or 1929. I have it before me?—A. "Supplementary letters patent were obtained during 1928 by which 1,469 preferred shares were cancelled and the remaining 3,531 preferred shares of a par value of $100 each were changed into 14,124 preferred shares at a par value of $25."

*By the Chairman:*

Q. It was split four ways then?—A. Exactly.

*By Mr. Bowman:*

Q. You see, Mr. Cousins, if you will kindly follow my questions it will make it easier for the committee to follow?—A. Go ahead, sir.

Q. Let us go back to the statement you made a moment ago about 1925. At that time when the company became incorporated you issued 5,000 shares of 7 per cent cumulative stock?—A. Of $100 each.

Q. $100 per issue. That was all issued?—A. Yes. I presume it was.

Q. You said it was?—A. Yes; I presume it was.

Q. And also 10,000 no par value shares?—A. Exactly.

Q. Of common stock?—A. Exactly.

Q. Now, to whom did that stock issue and what for?—A. To whom was it issued?

Q. And what for?—A. It was sold for money received.

Q. To whom?—A. Various persons; whoever desired to enter into and buy that stock just as any other stock. The stock was put on the market as any other stock would be and it was sold to whoever so desired to buy it.

Q. And what was paid to the old company for their interest in the business? —A. "The company received the following consideration for the shares issued."

Q. What are you reading from?—A. I am reading from Dominion Letters Patent dated the 9th of April, 1925.

Q. All right.—A. Is that satisfactory? "Preferred stock, cash invested by subscribers 4,537 shares at $25, making a total of $113,425.

Q. What was that?—A. $113,425.

Q. Then, how do you explain that with your statement 5,000 7 per cent $100 par shares were issued and fully subscribed for?—A. I do not explain that. The facts are here as audited, and I cannot explain more than that.

Q. The statement you are making does not conform with the statement which you just now made, that in 1925 there were 4,537 shares of $25 stock issued. A moment ago you said there were 5,000 shares of 7 per cent stock issued?—A. These are audited accounts.

Q. Well, we cannot help the auditor's accounts. You ought to know the financial position of your company?—A. I am telling you the issue of preferred is 6,124 shares at $25. That is 1925; and this was later supplementary letters patent were obtained during 1928—

Q. 1928. Just a moment. You said 1925?—A. No, I did not. I say I read that to you.

Q. You said 1925?—A. No. In the first instance the company was 1925, and then I read to you "supplementary letters patent were obtained during 1928 by which 1,469 preferred shares were cancelled and the remaining 3,531 preferred shares of a par value of $100 were changed into 14,124 preferred shares at a par value of $25."

Q. All right. You have got down to 1928?—A. Yes.

Q. Now, will you finish with 1925. In 1914 you say the company was valued at roughly $125,000?—A. Exactly.

Q. Now, your next step is 1925 when your company issued 5,000 shares of 7 per cent in cumulative stock with a par value of $100; is that correct?—A. That is right.

Q. In other words, in 1925 you had issued one and a half million dollars worth of 7 per cent cumulative stock?—A. No.

The CHAIRMAN: That is what you said.

*By Mr. Bowman:*

Q. That is what you say. Are you right or wrong?—A. If you will allow me to read this to you—

Q. Never mind.—A. My dear sir, I am not going to rely on my memory for anything. I will give you the facts as I find them here.

Q. Stick to 1925 for the moment?—A. All right.

Q. Were you right in saying that your company in 1925 issued 5,000 shares of 7 per cent $100 par preference stock; is that right?—A. "With an authorized capital as follows: 5,000 7 per cent cumulative redeemable preferred shares of $100 each."

Q. Those were all issued?—A. Well, now, I suppose they were. I am not quite sure of that.

Q. I asked you a moment ago and you said yes?—A. I thought possibly they were, and maybe they were.

Q. Do you know?—A. I could not swear to it.

Q. How do you expect us to get the financial set-up of your company if you yourself cannot tell us?—A. Here we have the whole thing right here.

Q. Never mind right here. You have been associated with the company ever since the eighties?—A. Exactly.

Q. And you have told us one clear statement that in 1914 you had interests roughly of $125,000?—A. Exactly.

Q. Now, I want to know what the next step is in the financial set-up in this company?—A. "Ernest Cousins Limited was incorporated under Dominion Letters Patent dated 9th April, 1925, with an authorized capital as follows: 5,000 7 per cent cumulative redeemable preferred shares of $100 each."

Q. Were they issued?—A. To the amount of about $113,425. That is what was the issue.

Q. Then, I understand your statement to be that the whole 5,000 were not issued?—A. They were evidently not issued.

Q. You said they were evidently not issued?—A. Evidently not issued.

Q. Now, what do you say?—A. No. I am taking the figures as I find them. I am not trusting to my memory at all.

Q. What is correct in regard to 1925 preference shares?—A. I think I have it. "Supplementary Letters Patent were obtained during 1928—

Q. Now, you are down to 1928. Give me 1925?—A. I have given it. "5,000 7 per cent cumulative redeemable $100 each."

Q. All issued?—A. The amount issued $113,425.

*By the Chairman:*

Q. At how much per share?—A. One hundred dollars, and finally turned into $25—

*By Mr. Bowman:*

Q. They were not turned into $25 shares until 1928?—A. In 1928.

Q. Please stick to 1925?—A. I am sticking to 1925.

Q. No, you are not?—A. Yes, I am.

The CHAIRMAN: Listen, Mr. Cousins, I would not interfere, but you evidently do not know what you are talking about, or else you are trying to mislead this committee. I think you should either give us a plain statement or say you do not know.

Mr. SPOTTON: Paste the papers on the wall.

The WITNESS: With reference to your statement on the present status of the milk business, I may tell you it has nothing to do with it, Mr. Spotton—the set-up of my company has nothing to do with the price of milk.

Mr. SPOTTON: Answer the question.

*By Mr. Bowman:*

Q. We are not here to find out whether your company are charging exorbitant—collecting exorbitant profits; all we want to know are the facts so that we can judge for ourselves?—A. I am giving that to you, sir.

Q. Now, are you correct in saying that in 1925 the amount of preference stock issued at that time was—.—A. $113,425.

Q. And how much common non par value shares were issued at that time?—A. That was in 1925 or 1928?

Q. 1925?—A. There were 10,000 shares of no par value issued in 1925.

Q. And were they all issued?—A. Yes, they were all issued.

Q. They were all issued?—A. Yes.

Q. And at that time how many preference shares and how many common shares were issued to each subscriber?—A. In 1925?

Q. Yes?—A. I could not tell you the number, but it amounted to $113,425.

Q. That is the preference?—A. No, no; that covers everything.

The CHAIRMAN: Mr. Bowman, I would suggest that you ask how many of these shares had been issued up to 1928 when the new set-up was made.

Mr. BOWMAN: I was coming to that, Mr. Senn.

*By Mr. Bowman:*

Q. Now, that $113,425, that was what value in preference shares; what was the par value of preference shares?—A. At this time—

Q. I am talking about 1925.—A. Well, I am telling you.

Q. It was not turned to $25 shares till 1928.—A. That is so.

Q. All right, then tell us the set-up in 1925.—A. Well, I told you—I gave 1925.

Q. No you have not.—A. Yes, I have.

Q. How many par value shares went to make up this $113,425?—A. Well, it is easy enough to find that out, just divide $113,425 by 100.

Q. By $100. All right. In other words, you issued about 1,134 shares.—A. Somewhere in that vicinity, yes.

Q. All right. What was done with these shares? Prior to 1925 you really owned the company?—A. Exactly.

Q. Yes. Now, how many shares out of the financial set-up of 1925 did you get for your interest in the old company?—A. I can tell you that right here.

Q. Please remember, I am talking about 1925.—A. Yes. The company received the following consideration for the shares issued.

Q. Now, you are not referring to 1925 are you?—A. No, I am referring to 1928 there.

Q. Yes?—A. But it amounts to the same thing anyway.

Q. I am sorry, Mr. Cousins, it does not amount to the same thing, because I have your financial statement of 1928 before me.—A. Yes, exactly.

Q. Tell me, in 1925 what did you get for your interest in that old business which you say was not incorporated as a limited company until 1925?—A. I think I have those figures here somewhere.

*By the Chairman:*

Q. You may refer to your secretary at any time, Mr. Cousins, if you wish to.

WITNESS: Yes. Well, she has not these figures here. I simply have figures here that the auditor gave me, that I have down here. Now, that is the same thing, I can't get any further than that, Mr. Bowman.

*By Mr. Bowman:*

Q. All right then, Mr. Cousins, so that you can't tell the committee to-day what you personally got out of the company in preference stock and common stock when the new set-up was made in 1925?—A. Yes, you can take it that way if you so desire.

Q. Well, I am not taking it that way, I am asking you.—A. Well, exactly.

Q. That is the way you wish the committee to take it?—A. Exactly.

Q. So you can't possibly tell this committee what your financial interest was in the company in 1925?—A. Yes, I can.

Q. All right, will you kindly let us have it.—A. The difference between $113,425 and $203,100.

Q. What was the last figure, Mr. Cousins?—A. The difference between $113,425 and $203,100.

Q. Yes. That would be, roughly speaking, about $87,000?—A. Exactly.

Q. Yes?—A. $89,000, as a matter of fact.

Q. It would be $89,675. All right now, you say that the difference between these two sums, that is approximately $89,000, represents what?—A. Represents my share of the business.

Q. Your share?—A. The value of my business.

Q. The value of your business?—A. Of my business that was turned into the joint stock company.

Q. When you turned it into the new company, did you get that out of the company in cash?—A. No, just simply in stock.

Q. No cash at all at that time?—A. Not a single cent.

Q. Not a single cent. What stock was issued to you in payment of that difference, your equity of $89,000?—A. Well, that would be a difference—I haven't the figures here—but it is easy enough to draw the inference.

Q. Well, are you satisfied that we do draw the inference?—A. Oh yes, I am perfectly satisfied.

Q. Then, you got out of this reorganization in 1925 for your equity, in preference stock and in on par value stock and an amount equivalent to approximately $89,000.—A. Exactly.

Q. And what happened of the other $113,425 to which you have made reference, can you give that?—A. That is held by shareholders.

Q. That is held by the shareholders.—A. Except $30,000, which unfortunately, the man who issued the stock forgot to turn in, that is, he went away one night when nobody was looking.

Q. In other words then, Mr. Cousins, you might like to correct the statement which you made a few moments ago, that the capital set-up of the company was $113,425; the real set-up is $203,100.—A. Exactly.

Q. Well, there is quite a difference, Mr. Cousins.—A. Well, I am simply referring to the figures here, explaining to you that that amount of stock was held by the shareholders, outside of my own.

Q. Oh well, that is not what you said, of course. Instead of having a company with a financial capital of $113,425, in 1925, you now tell us that the amount that was issued was $203,100. Is that correct?—A. Exactly.

Q. All right, we will get this thing right after a while. Now, this $113,425 preference stock, 1925, was that sold to the public?—A. Yes.

Q. That was sold to the public, at what figure?—A. In 1925 it was sold at $100, and 1928 it was turned into 14,124 preference shares at a par value of $25.

Q. All right, now we will get down to 1928, the year to which you have referred. Prior to 1928 you had issued 2,031 shares of preference stock at a par value of $100. That would be correct, would it not?—A. Yes, it is somewhere in that vicinity.

Q. Well, for a successful business man, you are leaving a lot for the committee to guess at, aren't you, Mr. Cousins?—A. Well, I like them to do some guessing, sometimes it helps me too.

Q. All right, I think perhaps you are right. Now, Mr. Cousins, in 1928 there was a further financial reorganization.—A. Exactly, "supplementary letters patent were obtained during 1928 by which 1,469 preferred shares were cancelled, and the remaining 3,531 preferred shares of a par value—"

Q. Just a minute; let me get those figures, please, so I may make a note of them.—A. 1,469 preference shares were cancelled.

Q. Yes, go ahead.—A. "And the remaining 3,531 preferred shares of a par value of $100 were changed into 14,124 preferred shares at a par value of $25."

Q. Yes. Now then, let me take the statement which you have just given, Mr. Cousins. You say that in 1928, 1,469 of the preference shares were cancelled.—A. 1,469 of the preference shares were cancelled.

Q. Leaving 3,531 preference shares of a value of $100 each.—A. And the remaining 3,531 preferred shares of a par value of $100 were changed into 14,124 preferred shares of a par value of $25.

Q. Yes, well, 1,469 plus 3,531 makes your 5,000 preference shares?—A. Yes.

Q. All right, now, there was at that time substituted for these shares, 14,124 preferred shares of a value of $25 each?—A. Exactly.

Q. In other words, 3,531 preferred shares formerly valued at $100 became 14,124 preferred shares having a value of $25.—A. Having a value of $25.

Q. Yes, is that correct?—A. So says the auditor.

Q. All right, now, what was done with these shares?—A. The company received the following consideration for the shares issued: preferred stock, cash invested by subscribers, 4,537 shares at $25, $113,425.

Q. So this money came from the 4,537 shares sold at $25?—A. 4,537 shares at $25, $113,425.

Q. Yes.—A. "Net assets of the Ernest Cousins, Limited, old company purchased, exclusive of good will, 1,587 shares at $25, $39,675"; making a total of $153,100; bonuses to subscribers 6,125 shares, preferred dividends.

Q. That is what?—A. Bonuses to subscribers, 6,125—that was not cash, that was in common stock.

Q. Not cash?—A. No, common stock; that was a bonus to subscribers.

Q. Yes. Now, going back to 1925, you had 2,031 shares of a par value of $100 issued.—A. Yes.

Q. In the reorganization of 1928, three years later, you had 3,531 shares substituted for 2,031 which you had in 1925.—A. "1,469 preferred shares were cancelled and the remaining 3,531 preferred shares of a par value of $100 were changed into 14,124 preferred shares of a par value of $25."

Q. Yes. Well, you said a moment ago that in 1925 you had issued 2,031 shares, preference shares at $100 par value?—A. Yes.

Q. That becomes, under the reorganization, three years later, 3,531 preferred shares.—A. That is the remaining—that was the amount: "and the remaining 3,531 preferred shares of a par value of $100 were changed into 14,124."

Q. Oh yes, we have had that before.—A. Yes, several times.

Q. Yes, several times, but the stock you issued in 1925 became 3,531 in 1928. In other words, the capitalization of your company was almost doubled between 1925 and 1928.—A. It may have been that.

Q. It may have been that, do you know whether it was or not?—A. Yes.

Q. It was?—A. Yes, and it is worth it.

Q. Quite true. You must have been doing a pretty good business.—A. A very good business, yes, we were—only to-day we are making no money.

Q. Well, you are paying dividends?—A. No, we have not paid dividends for this last, I think, four months.

Q. Oh, you are a very fortunate business man, Mr. Cousins. Now, did you pay any dividends in 1925?—A. Excuse me a moment, to eliminate the smile, I want to say that these dividends were paid quarterly; unfortunately, owing to the terrible state of the milk business, we had to pass it—that was a month ago.

Q. In other words, as you said, you have not paid a dividend in the last four months?—A. Four months. However, I mean—.

Q. As your said poor poverty stricken milk companies?—A. Exactly, some of them are going to the poor house, I am afraid.

Q. But, at all events, your company was doing pretty well, because in 1914 they started up with a capitalization of $125,000.—A. Yes.

Q. By 1925 that had become $203,100?—A. Exactly.

Q. And by 1928 it had become almost double that amount?—A. Exactly.

Q. Yes, and in 1931 you were able to pay dividends on the whole amount of the capital stock of the company?—A. Exactly, all that was issued.

Q. Now, what dividend did you pay in 1931?—A. 7 per cent.

Q. 7 per cent, on what?—A. On the amount of the preferred shares.

Q. Nothing on the common?—A. Nothing whatever.

Q. Nothing on the common; and in 1931 how much preferred stock had you out?—A. The same as we had in 1928.

Q. That is, 14,124 shares?—A. Exactly.

Q. At a value of $25 per share?—A. The Company has not been disturbed since that date.

Q. Now, in paying these dividends in 1931, you didn't pay any dividends in 1929?—A. Yes, we did; we paid dividends in 1929, in the latter end of 1929 and right through 1930-1931, I think.

Q. Yes, I see. When did you first start paying dividends. You have always paid the 7 per cent cumulative dividend on the 7 per cent cumulative stock, haven't you?—A. No, we paid some of those dividends by the issue of stock.

Q. Issue of what stock?

*By Mr. Donnelly:*

Q. As I remember the previous evidence given for your company it was said that in the years 1921 to 1930 you paid no dividends, now you say you paid dividends in 1929?—A. Well now, I am not sure of that fact, it may have been 1930. I haven't those figures here.

Mr. Bowman: I am coming to that, Mr. Donnelly.

Mr. Donnelly: Well, I just want to get that.

*By Mr. Bowman:*

Q. Well, what amount of cumulative dividends are in arrears on your preferred stock now?—A. Oh, there is quite a little.

Q. Well, how much?—A. I cannot tell you the exact amount, I don't carry that in my head.

Q. Well, you have the auditor's statement here?—A. I have.

Q. Well, is there any indication in your auditor's statement as to what dividends have not been paid on the cumulative preference stock?—A. No, he doesn't show that.

The Chairman: That should be included with the liabilities.

*By Mr. Bowman:*

Q. Certainly, it should be included with the liabilities if there are any; it should be shown as a liability of the company in your statement if there are any cumulative dividends outstanding?—A. Just one moment, possibly I have it here: "Mr. Ernest A. Cousins arranged with nearly all the shareholders to issue, and he has issued to them, certain of his own shares of no par value stock of your company in lieu of their accrued dividends on the preferred stock prior to the 21st November, 1928.

Q. Yes, that is no par value stock was issued in payment of dividends?—A. Exactly, it was a stock dividend, as a matter of fact.

Q. It was a stock dividend?—A. Exactly.

Q. And in your balance sheet you carry this no par value stock at $5?—A. Yes.

Q. It is of some value isn't it?—A. Yes.

Q. So, it is the same as paying a dividend?—A. Exactly, the same thing.

Q. So, your son was mistaken in telling us there was no dividend paid prior to 1930?—A. Well, he may have been, but you know a man can't carry all these things; and he was not aware of the fact that you wanted the set-up of this company. He merely came up here with the idea that you wanted to know the true inwardness of the milk business at the present time.

Q. Well, this "true inwardness" apparently is pretty hard to come at?—A. Well, I suppose, possibly.

Q. We are trying to get at it now?—A. Yes.

Q. Now, would you mind referring back again to the financial set-up of 1928?—A. Yes.

Q. Did you at that time, personally, get any cash out of the business?—A. I did not, not one cent.

Q. Did the old company, Ernest Cousins Limited?—A. They got no cash whatever.

Q. Just a moment, Ernest Cousins Limited prior to the issue of Supplementary Letters Patent in 1928, did they get any cash?—A. No cash.

Q. No cash?—A. No cash whatever.

Q. Did they get anything for goodwill in the old business?—A. Well, you mean to say—of course that word "goodwill" is a term that is not acceptable; you are quite aware of that fact.

Q. Well, I am using it in the accepted sense?—A. You mean, the value of the business that I turned in, is that it?

Q. Yes, what did you get out of that prior to 1928 for goodwill?—A. I have that here: "Net assets of the Ernest Cousins Limited, old company, purchased exclusive of goodwill". You have those figures haven't you?

Q. Yes, but exclusive of "goodwill"; I am talking about goodwill?—A. Well, again, that amount would be the difference between $113,425 and $203,100.

Q. Oh no, you gave us that figure before, you gave us that as the actual value of the business. I am asking about goodwill?—A. Well, that covers it.

Q. That covers it. How much of that was goodwill?—A. Well, as I said just now, we didn't take into consideration that particular "goodwill"; we simply took into consideration the value of the business that was turned in.

Q. Then, "goodwill" has never been taken into consideration in the reorganization of this company?—A. Never yet, simply the value of the business that was turned in.

Q. Now, you are quite certain of that Mr. Cousins?—A. Well, I am not certain of anything in this world except death and taxes.

Q. Surely you are certain of a statement you are giving to this committee?—A. I am giving you the figures as I have them here given by the auditor, I am not departing from them, anything I surmised might not be correct at all.

Q. I am not asking you what you surmised; I am asking you if "goodwill" was taken into consideration, and what value is obtained in the reorganization of this company?—A. None whatever, that is simply the value of the business.

Q. Nothing whatever?—A. You can even call that "goodwill", if you so desire.

*By the Chairman:*

Q. You said that was exclusive of "goodwill"?—A. There is no "goodwill" attached to it.

The Chairman: It is strange that that clause should be inserted there if there is no consideration received for it later.

*By Mr. Bowman:*

Q. I want to refer to the 1928 set-up. I have here before me a memorandum issued by your company on November 5, 1928, directed to the shareholders of Ernest Cousins Limited, and the last paragraph of that memorandum reads as follows: "Summing up, the result under the proposed changes will be that the shareholders for each share of preferred stock and the common stock", note that phrase, "for each share of preferred stock and common stock purchased by them will hold certificates for preferred stock equal at par to the actual amount paid in"?—A. Yes.

Q. "And will further hold three shares of common stock, namely the original share purchased and two additional shares." In addition to the increase in capital at preference shares, to which you referred a little while ago, the shareholders in the company got further bonuses at that time of 2 shares of the common stock?—A. Yes.

Q. Yes. Now, you have before you the statement of 1931; have you an extra copy of that?—A. I will be pleased to allow you to keep this one, Mr. Bowman.

Q. No, I want you to refer to it?—A. All right.

Q. Now, what is the financial set-up of the company, according to that statement, at the present time?—A. Now, you want me to go into all the figures.

Q. No, I want you to give me the stock that has been issued, and what is outstanding?—A. Now, what is it that you want, what covers that stock?

Q. What stock was issued in 1931. What have you got shown as outstanding there?—A. Capital stock authorized preferred 14,124, 7 per cent cumulative redeemable shares having a par value of $25 each; common 10,000 shares no par value, issued before 6,124 at $25 each, common 10,000 shares no par value, issued at $5 per share; making $203,100.

Q. According to that statement, there has been issued 6,124 shares of preferred stock?—A. 6,124 shares of $25 each.

Q. You see how impossible a position that put us in, in view of the statements which you have been giving us right along?—A. I am simply giving you the facts as I have them in the auditor's statement.

Q. A moment ago you said there were 14,124 preferred shares with a value of $25 each issued. Now, you have just told us 6,124.—A. Supplementary letters patent were obtained. I will read over the same thing again. I cannot do anything better than that. You can twist those figures just as exactly as you desire, but the facts are right here.

Q. Pardon me; I am not twisting any figures. I am giving the figures exactly as you have quoted them, because I have made a note of them.—A. Exactly.

Q. You said a moment ago, and I think the committee will bear me out on it, that there were 14,124 shares issued?—A. Yes.

Q. Now you tell us according to the financial statement there is 6,124. Which is right, Mr. Cousins?—A. Well, you see—yes, but you understand this, 1,469 preferred shares were of a par value of $100, and those shares are $25—there are 6,124 shares of $25 each.

Q. I am aware of that. We have had that a dozen times.—A. Yes. What more is it you want?

Q. I want to know which is right, how many preference shares are there outstanding, 14,124, as you told us a minute ago, or 6,124?—A. Here is the latest statement, 1931: issued preferred, 6,124 shares at $25 each, and 10,000 shares of common, no par value, issued at $5 per share. Those are the exact figures.

The CHAIRMAN: Mr. Bowman, if you will look at page 147—

Mr. BOWMAN: I have it marked here. I have that in my hand. 6,124 shares of no par value were issued. Mr. Chairman, I have been trying to get for the benefit of the committee, each step in the financial set-up of this company, so that we would know what was done. I am sorry to say that is a rather hopeless task with the witness.

The CHAIRMAN: I think, unless the answers are clearer, we will have to send an auditor in and find out what the real financial set-up of the company is.

The WITNESS: I would welcome your doing that, sir; very, very, pleased to have you send an auditor in.

The CHAIRMAN: You have not given satisfactory answers so far.

Mr. BOWMAN: Frankly, the witness has given so many contradictory statements that I have not the slightest idea what the financial set-up of the company is, and I don't know whether any member of the committee has.

The WITNESS: The financial set-up of the company, as I have just explained to you in 1931, which is the last audited account, and 1932 is a replica of it; you can't call that unsatisfactory. You have the figures right there, and that is right up to date. I don't see that you can call that unsatisfactory. You have the figures, and audited by one of the best auditors in the city of Montreal.

Mr. MULLINS: Who is the auditor?

*By Mr. Bowman:*

Q. You told us in 1914 your company was roughly valued at $125,000?—A. Exactly.

Q. Is it of no more value to-day?—A. Yes, it is worth half a million dollars to-day.

Q. Yes, it is worth half a million dollars to-day?—A. Yes.

Q. And at page 147 your son says it is worth $153,100, and that is the statement you have just given us now. If you can explain it, we will be glad to have it explained.—A. I can't be responsible for what my son said.

Q. But your son has said exactly what you said a moment ago?—A. Exactly.

Q. That there is 6,124 shares of preferred stock— —A. Yes, I know.

Q. —outstanding?—A. But you said: Is your company worth less to-day, and I say no, it is worth half a million dollars to-day.

Q. Yes. In other words, those preference shares of the par value of $25 are now worth about $75 or $100?—A. Absolutely, without the shadow of a doubt.

Q. Without the shadow of a doubt?—A. Yes.

Q. Then we can take it for granted— —A. Yes.

Q. —that the capital value of this company has increased until now it is worth half a million dollars?—A. Exactly.

Q. Yes?—A. As a matter of fact, might I interject that I would not sell my business for a half a million dollars to-day.

Q. All right; and still your financial set-up remains at $153,100?—A. That may be so. That has nothing to do with it.

Q. What is the actual cash put into this business?—A. When do you mean? In 1888?

Q. No, in 1925, say?—A. $113,000—that is the shareholders put in $113,425.

Q. Yes; what would you roughly value your plant at to-day?—A. Well, I will give you the whole values here, if you so desire.

Q. Let us have them?—A. I have the whole thing here.

Q. Perhaps that will be the best way to get at it?—A. Yes. Do you want the fixed assets?

Q. Yes, give me the total?—A. The total—the book value with depreciation is $186,604.70. The cost of that was $282,415.24.

Q. What is that figure, that last figure?—A. $282,415.24.

Q. What does that represent?—A. What does that represent?

Q. Yes, what is that? I didn't quite hear what you said that was.—A. That represents real estate, buildings, machinery, equipment, and delivery equipment.

Q. Yes; what are total assets of the company as from that memorandum which you have, which, Mr. Chairman, I would ask be placed in the record.—A. The cost was $282,415.24. Reserve for depreciation brings it down to $186,604.70.

Q. Do you mean that is the total assets, the gross assets, $186,000 odd?—A. Well, $282,415.24—of course you understand that dairying machinery depreciates very rapidly. The lactic acid in milk just eats your machinery up, so that there is a wide spread in depreciation. We have put it down, the present book value, to $186,604.70.

Q. This company which you say is worth over half a million dollars is set up at a book value of $186,000 odd?—A. Exactly.

*By the Chairman:*

Q. That represents good will, the balance, I suppose?—A. You can put it what you like, Mr. Senn, but that is the real value of everything, without any good will or anything else.

*By Mr. Bowman:*

Q. Just a minute now, Mr. Cousins; you said a little while ago to this committee that good will was not valued by your company?—A. We have not—you see there there is no good will.

Q. Just a minute; is there any item in that statement with respect to good will?—A. No item whatever.

Q. Well, you have changed your system of accounting since 1927, have you?—A. Possibly, yes; we have got a better bookkeeper.

Q. I have before me a memorandum from your company, a financial statement showing 1926 and 1927, and in this statement the good will is shown as worth $70,241.75?—A. Yes.

Q. Is that right?—A. Yes.

Q. That is correct?—A. Yes.

Q. What is the good will value of that at the present time?—A. We have no good will there.

Q. I see.—A. None whatever.

Q. Good will has been wiped off?—A. If you will kindly allow me to read this—

Q. Has good will been wiped off?—A. Exactly.

Q. It has?—A. Good will was never charged up on the book values.

Q. But it is shown?—A. It may have been in 1927, yes.

Q. Yes?—A. But we have altered.

Q. And in 1926?—A. Sure, possibly; in 1925 possibly.

Q. So that at some stage in the history of your business— —A. We wiped it right off.

Q. —there has been good will?—A. Yes; possibly, yes.

Q. You said a little while ago that there is no value for good will?—A. There is none, none whatever. I am giving you the exact value of everything I have right here.

Mr. Bowman: Well, I ask that the statement be put on the record, Mr. Chairman.

The Chairman: Yes.

*By the Chairman:*

Q. You will submit that to the clerk?—A. Yes.

*By Mr. Bowman:*

Q. What was your real property valued at in 1931?—A. Real estate, $29,999.50.

Q. Equipment and plant?—A. Buildings, $88,490.32; machinery and equipment, $107,978.37; delivery equipment, $55,954.05.

Q. What does that make?—A. Making a total of $282,415.24.

Q. What do you take off annually for depreciation?—A. We have taken—there is no depreciation on real estate.

Q. On machinery and equipment?—A. On buildings there is depreciation of $12,871.79.

Q. What percentage is that?—A. That would be about eight per cent—no, seven per cent, a little over; seven and a fraction.

Q. What do you value your buildings at?—A. The buildings we valued at $88,490.32.

Q. And depreciation on those buildings?—A. $12,871.79.

Q. That is about 15 per cent, is it not?—A. No.

Q. It is not very far from it; I am just figuring roughly; it is about 14 per cent.

The Chairman: Yes, it is all of that.

*By Mr. Bowman:*

Q. Well, say 12 per cent. What is your machinery—A. It would not be 12 per cent.

Q. We have what your machinery was valued at?—A. Machinery and equipment, $107,978.37.

Q. What depreciation do you take off that?—A. $48,917.46.

Q. $48,000?—A. $48,917.46.

Q. One year?—A. In one year.

Q. Do you mean to say that you charge up depreciation of 50 per cent on your machinery and equipment?—A. The more depreciation you charge up, the better for everybody concerned.

Q. Particularly the company?—A. No, the company does not benefit anything.

Q. Now, have you any accounts set up for depreciation in your books?—A. Oh, yes.

Q. At 1931, what was standing to the credit of your depreciation account?—A. Now, I might say in 1931 we had all this property and everything connected with it appraised by an appraisal company in Montreal.

Q. And you can give us that, the result of the appraisal?—A. Here we have it; this is 1931—

Q. Well, please, Mr. Cousins, don't go off on a tangent.—A. I am not going off on a tangent.

Q. I am asking about depreciation; you have already given us the appraisal value?—A. I can tell you the depreciation right here, office furniture and fixtures less depreciation—

Q. What is your depreciation account; you have a depreciation account in your business?—A. Yes.

Q. How does it stand in 1931; what reserve have you set aside for depreciation?—A. $87,507.44.

Q. $87,000 odd, is that correct?—A. Yes.

Q. So that you have already set aside in your company an amount almost equal to 100 per cent of the value of your machinery and equipment?—A. It has depreciated to that extent.

Q. Yes?—A. And we have replaced it by new machinery continually.

Q. Quite true; and your plant is an up to date plant?—A. The most up to date in the city of Montreal.

Q. Yes; and having that most up to date plant in the city of Montreal you have an account setting aside a reserve equal to almost the value of that plant?—A. Well, it is written off as depreciation.

Q. All right. What other accounts have you set up? What other reserve have you set up in your business?—A. We have no other reserve.

Q. No reserve for bad debts?—A. Well, the bad debts are written off.

*By the Chairman:*

Q. Written off annually?—A. Profit and loss account, balance at the first of January, 1931, $5,584.48, to which add the profit for the year ending 31st December, 1931, $18,825.30.

*By Mr. Bowman:*

Q. You see, Mr. Cousins, you have not answered my question at all. I am asking you what reserve account have you set up for bad debts?—A. We have no reserve account. We simply wipe them off.

Q. What was your reserve for bad debts in 1931?—A. Bad and doubtful debts, $19,401.39.

Q. All right; what do you do with that $19,000?—A. It is lost.

Q. You say you wiped it off?—A. It is gone in bad debts.

Q. But that is your reserve for that year?—A. No, that is the bad and doubtful debts that are wiped off.

Q. How is it marked in your records; what does it show?—A. Bad and doubtful debts, $19,401.29.

Q. And you told this committee that that is the actual amount— —A. Lost.

Q. —lost?—A. Yes.

Q. In bad debts and doubtful accounts?—A. Exactly.

Q. All right; so that you don't set up any depreciation account for bad debts?—A. We don't. We simply set up a depreciation account for machinery, delivery equipment and building.

Q. And you have no other depreciation account?—A. We have none; none whatsoever.

Q. None whatsoever?—A. No.

Q. Have you any other reserve set up?—A. No, we have no other reserve whatever.

Q. Now, I want you to consider that question again, Mr. Cousins. You say you have no account set up for reserve?—A. Everything is wiped off.

Q. Well, what do you do with the money you have left over after the year is done?

Mr. PICKEL: Bank it.

The WITNESS: If there is any money left over, it goes out in dividends.

*By Mr. Bowman:*

Q. If there is any money left over, it goes out in dividends?—A. Yes.

Q. Every cent of it?—A. Every cent of it.

Q. So that at the end of each year you clean the slate and pay off all the money you have left?—A. Well, of course you appreciate this fact, that a man always has to carry a certain balance in the bank or he could not continue his business.

Q. That is the point.—A. We may have twenty, or thirty or forty thousand dollars in the bank continually. You must appreciate this fact, that we pay our farmers twice per month; we collect possibly once every three months. The farmer's account may run into—

Q. I think all the committee know that?—A. Well, you simply asked—

Q. No, I did not; I asked you what amount you set up as a reserve.—A. We don't set up any amount whatever for reserve.

Q. None?—A. None whatever.

Q. When the year's business is over, you pay up practically everything you get in, for dividends, and carryon?—A. Exactly; except what we have to carry forward in payment of our just debts, and looking after the farmer, which may amount to possibly about $50,000.

Q. May I ask you if you have made a mistake in giving this answer to the committee, will you notify the Chairman to that effect, and give him the amount that actually is set up in your reserve account?—A. Most decidedly I will.

Q. Because I cannot understand an up to date company like yours apparently is, not carrying a certain amount of reserve?—A. I will tell you, as I said before, we possibly have $50,000 in the bank; you can't call that reserve because it is there to take care of our debts.

Q. The dividends that are shown paid—

*By the Chairman:*

Q. Just a minute; is this account in the bank your regular business account or what is it?—A. It is a regular business account.

Q. It is not an account for reserve or depreciation?—A. No, it is a regular business account.

Q. All right.

*By Mr. Bowman:*

Q. At the top of page 142, if you would refer to that for a moment, there is a memo given there by your son when he was before the committee, as to the disposition of profits by way of dividend. Will you explain that statement a little to us? In the first place, there is noted on the side 75 shareholders.—A. What do you desire to know?

Q. Seventy-five shareholders; is that the total number of shareholders in the company?—A. Evidently, or it would not be so entered.

Q. Well, it does not show that; that does not necessarily follow because your son put down 75 shareholders?—A. I know, but there may be seventy-six or there be seventy-eight, I am not quite sure.

Q. No, but that is the approximate number of shareholders?—A. It is the approximate number of shareholders.

Q. And I would say, roughly speaking, I suppose you and your family control the company pretty well?—A. Yes, I control it myself.

Q. You control it yourself?—A. Yes.

Q. The number of outside shareholders is small?—A. Exactly.

Q. Yes; now, the amount there shown as of April 15, 1931, $2,678.89, and a similar amount is shown each four months period thereafter?—A. Yes.

Q. That is seven per cent on preference stock?—A. Exactly.

Q. And those amounts have been paid in 1931 and 1932, in addition to the increased capitalization about which you have given us—.—A. The stock dividend.

Q. In addition to the stock dividend?—A. Exactly.

Q. And when your son said that 1921 to 1930 dividends were nil, he was a little in error there?—A. No; he may have been right; I would not like to say.

Q. You have just told us he was wrong, because you say there was a stock dividend at that time.—A. Well, he hadn't taken that into consideration.

Q. Well, he may be more or less in error?—A. Possibly, yes; he is a very young man, and liable to make error.

Q. Oh, well, we are all liable to do that.

Mr. MULLINS: He draws $5,000 a year, he says.

The WITNESS: And he is worth it; twice as much.

*By Mr. Bowman:*

Q. 1921 to 1930; what stock dividends were issued say in 1930; can you give us a record of that?—A. I already gave you that amount. There is only this one issued in 1928 when the company was reorganized.

Q. When two shares of common stock were given as a bonus?—A. Exactly.

Q. Yes; and by the way, Mr. Cousins, what do you figure the value of this common stock is at the present time?—A. Well, you quite appreciate the fact that I hold myself all the common stock; and while the business or my own particular business, as I just told you, is worth half a million dollars, we have never paid dividends on the common stock, which is detrimental to myself, because unless you can earn dividends on your common stock, the holders get nothing, and I hold the major portion of it, so I get no dividends; but it is really worth at the present time possibly $20 a share.

Q. $20 a share?—A. Yes.

Q. Let us consider that for a moment; you have outstanding 6,124 shares of preference stock valued at $153,100?—A. Exactly.

Q. And you yourself at a conservative valuation value the company at half a million dollars?—A. Exactly.

Q. In other words, there is a difference of approximately $350,000?—A. Surely.

Q. And that is the value of the common stock that has been issued, is it not?—A. You can put it in that light, if you so desire.

Q. Well, how would you put it?—A. I would say the same thing.

Q. You would say the same thing?—A. Yes.

Q. Taking it at a very rough estimate, Mr. Cousins, the value of your common stock at the present time, taking the conservative estimate which you have placed on the company, would not be $20, but would be $60 a share.—A. Well, I would not say it was worth that.

Q. Well, I am just taking your figures; $350,000 and dividing it by 6,124; just let me see—probably I am wrong in my figuring. You have taken then 10,000 shares, is it?—A. Yes, it is 10,000 shares.

Q. I am wrong; I took 6,000. There would be a difference in the figuring; that would be $35 a share?—A. Yes.

Q. Yes; in other words, the common stock to-day at that valuation is worth more than the preferred stock?—A. Possibly.

Q. Yes.—A. But you must appreciate this fact also, it is not what it is worth; it is what you can get for it.

Q. Let me go back now, and let me go back to 1928; when you made the reorganization of the company in 1928 and you gave a bonus of two shares of common stock, you really gave to your shareholders something that was worth something?—A. Most decidedly.

Q. So that when you say between 1921 and 1931 you did not pay any dividends, that is just a joke, is it not?—A. Well, you can take it as a joke, if you so desire.

Q. Because in 1928, when these two shares of common stock were issued to every one who had one share, you were issuing something that was worth between $50 and $60 a share at that time, allowing for reasonable increase in value at the present moment?—A. Well, I would not say $60 or $50, but I say it was—

Q. Two shares I am talking about.—A. Yes. It was worth all that was coming to them, including myself.

Q. Yes; and of those 10,000 shares, you say you hold the greater proportion?—A. Yes, I hold the major portion.

Q. Let us see—I don't want to pry into your private business at all, but would you give me a rough estimate of what portion of those ten thousand shares belong to you?—A. I could not tell you that right off.

Q. No idea?—A. No, I have not the faintest idea.

Q. Now, Mr. Cousins, you have not the faintest idea?—A. I have not the faintest idea.

Q. You mean you are the majority shareholder of this company and have not the slightest idea—A. Well—

Q. —of what portion of this 10,000 shares belong to you?—A. Well, possibly I have 75 per cent of them.

Q. 75 per cent; let us take it on that basis?—A. Mind, I am not giving you that as exact figures, but tentative figures.

Q. Yes; you have 75 per cent; or in other words you have approximately 7,500 shares?—A. Somewhere in that neighbourhood.

Q. Yes. Now for one of those shares you had in the first instance, you got a bonus of two more in 1928?—A. Exactly.

Q. In other words, you got a bonus of 50,000 shares?—A. Possibly—no, no.

Q. 500,000 shares?—A. No.

Q. Well, all right.—A. Oh, no, no—5,000.

Q. 5,000?—A. 5,000 shares.

Q. You got a bonus of 5,000 shares?—A. Possibly, yes. Possibly I didn't take them.

Q. But your by-law shows you did. Well, they were issued to everybody. I read you the statement.—A. That is right.

Q. All right; in other words, you got a bonus of 5,000 shares of the no-par value common stock of this company which to-day you figure is worth according to your estimate, $20, but according to what I have figured out, is $35?—A. Yes.

Q. In other words, you got a bonus of $175,000?—A. Well, provided I did—

Q. I am taking your own figures.—A. I didn't say I got that bonus and I don't say it yet.

Q. Did you?—A. Well, I will tell you what I will do—

Q. Never mind what you will do; I am asking you what you did, not what you will do.—A. To the Chairman I will send to-morrow the exact number of common shares that I own in my own name.

Q. We don't want that.—A. Oh, yes, that is what you were trying to find out.

Q. You said approximately 7,500 shares?—A. I said approximately about 70 per cent of the common stock.

The CHAIRMAN: Seventy-five.

*By Mr. Bowman:*

Q. 75 per cent you said?—A. Well, possibly 75.

Q. And as I point out, 5,000 of those shares came to you in 1928 on the reorganization as a bonus?—A. You said so.

Q. On the same basis as all the shareholders were given?—A. Yes.

Q. In other words, you took unto yourself in 1928 something that was worth $175,000, according to your calculations?—A. According to your statement. I didn't say so.

Q. All right. I am just taking your figures.—A. That stock may still be in the treasury.

The CHAIRMAN: Well, Mr. Cousins—

Mr. BOWMAN: You ought to know.

The WITNESS: Mr. Senn, I will send you up to-morrow the exact number of those common shares held by myself. I have not that here.

The CHAIRMAN: I want the number.

*By Mr. Bowman:*

Q. And to the same extent every other shareholder shared according to the number of common shares and preferred shares he had?—A. Yes, exactly.

Q. Just on the same basis as you did?—A. Surely.

Q. So that it really would pay a pretty substantial dividend in 1928?—A. They should be satisfied.

Q. Yes; in other words, out of this company which you say is worth half a million dollars, you personally in 1928 by stock dividend received almost 33⅓ per cent on the value of your $175,000, is that correct?—A. I didn't say so.

Q. Well, is it correct?—A. I will send you the exact figures to-morrow.

Q. Am I approximately right there?—A. Yes, possibly you are.

Q. All right.

The CHAIRMAN: Are there any other questions?

*By Mr. Tummon:*

Q. Mr. Cousins, when your son was here the other day, he promised to get certain information that I asked him for at that time, which he said he had not. Can you give to-day the number of pounds of fluid milk that were purchased by your company in 1932?—A. Milk purchased in 1931—milk purchased in 1932, 1,894,000 gallons.

Q. 1,894,000 gallons?—A. Yes.

Q. You have not it in pounds?—A. Oh well, you can multiply that by 10 if you so desire.

Q. Yes; there are 10 pounds of milk to a gallon, are there?—A. 10 pounds, 3½ ounces.

Mr. MULLINS: Approximately 10 pounds.

*By Mr. Tummon:*

Q. How is that milk purchased? Was it purchased by the 100 pounds?—A. Yes, it is all purchased by weight.

Q. A certain amount of it was purchased at the association price, I presume?—A. The average association price $1.46 per hundred.

Q. For 1932?—A. For 1932.

Q. $1.46?—A. That was the average association price.

Q. That you paid?—A. No; the average price paid by us was $1.30.

Q. That is what I want. $1.30 average per hundred pounds?—A. Exactly.

Q. That was less transportation charges to the producer?—A. No; we have nothing to do with the transportation charges whatever; that is up to the farmer.

Q. Yes, I know.—A. Some of them drive it in, and there is practically no transportation charge except for your truck.

Q. Well, that was the price to the producer, and the producer looked after the transportation charges?—A. Exactly.

Q. What per cent of your total milk purchases in the year 1932 was purchased at surplus prices?—A. What percentage?

Q. What percentage of your total purchases of fluid milk?—A. Now, in 1932 they were—I have not got the exact percentage here, but you can work that out if you so desire. The average association price for the year, $1.46 per hundred pounds and the price paid by us for all milk received for the year, $1.30, surplus for the year, 23·2 per cent.

Q. How are we going to work out the percentage of your purchases at a certain price by that?—A. Well, there you have it. The price paid by us for all milk received in the year averaged $1.30.

Q. Just a minute, let us get clear on that; in answer to my question of what percentage was paid for at association prices you said $1.30?—A. That included the surplus milk.

Q. That included the surplus milk?—A. Yes; that was the price paid by us including the association price and the price of the surplus milk.

Q. Oh, I see. I misunderstood you then. I thought that was what was paid for other than surplus milk?—A. No.

Q. You have not there what percentage was purchased at surplus prices?—A. Yes, the surplus was 23·2 per cent.

Q. The total purchased at surplus prices?—A. The total purchased for 1932. The surplus of the whole was 23·2 per cent; that is not quite a quarter.

Q. When your son was here the other day, Mr. Cousins, we showed him a statement from your company where the total amount of surplus milk paid for in this statement was over fifty per cent?—A. No.

Q. We did not.—A. I do not know what he showed you, but those are the figures from the auditor.

Q. I do not know whether the secretary has that statement or not, have you Mr. Fraser?—A. I have a copy of it here.

Mr. DONNELLY: At page 144.

The WITNESS: Yes; he says here the quantity was approximately 50-50, but he was wrong. The percentage has been worked out since, so that we would be sure of our figures.

*By Mr. Tummon:*

Q. Well, Mr. Cousins, I hold in my hand a statement that I showed him, and it runs from 1931 to 1932. Have you the amount, or the percentage of the whole of the surplus milk purchased in 1931?—A. 29·8 per cent.

Q. In 1931?—A. In 1931 the surplus for that year was 29·8 per cent.

Q. Not for the year 1929-30?—A. It is 1931. The average association price for the year; that is, the whole of the year, was $1.90 per hundred pounds. The price paid by us for all milk received by us in that year was $1.50, and the surplus for the year 29·8.

Q. That is the surplus, the percentage of the surplus in relation to the total amount of fluid milk that you purchased in that year.—A. In 1931, yes.

Q. Well, I hold in my hand here a statement, sold to the Ernest Cousins Limited, Montreal, Quebec, from evidently one of the producers and in the month of March of that year he tells us—

The CHAIRMAN: What year?

Mr. TUMMON: 1931.

*By Mr. Tummon:*

Q. He tells us that he delivered 6,760 pounds of milk and of that 3,380 pounds were paid for at association prices, and exactly 3,380 pounds were paid for at surplus prices.—A. Yes; well possibly that farmer only had milk as many other farmers do have it, when we do not want it. At the present day I may tell you, last November, when milk was very scarce, we asked producers to produce more. That was done. To-day they are producing almost twice as much. I stopped last week 200 cans per day, and I do not know what the farmers will do with it, and we separated yesterday 280 cans of milk. Our business has increased possibly 20 per cent since 1931.

Q. Then, your evidence is that in cases where this appears, they are exceptional cases in regard to surplus milk.—A. There are the facts. Take the average, the surplus was 29·8 per cent

*By Mr. Donnelly:*

Q. What year?—A. In 1931. That was the question the gentleman asked me.

*By Mr. Tummon:*

Q. Now, will you give us again the percentage of surplus milk in 1932? —A. It amounted to 23·2 per cent.

Q. Now, how did you dispose of the association price milk?—A. It was sold in the usual manner.

Q. Fluid milk distribution?—A. Fluid milk. About 80 per cent of it is sold at wholesale, and about 20 per cent is sold retail.

Q. Can you give us the average price per quart in 1932?—A. Yes, I have that.

Q. Of milk sold?—A. Thirty-nine cents—that is in 1931, do you want 1931?

Q. Give us 1932.—A. All right. Purchased 1,894,000 gallons; milk sold, average retail price, 40 cents per gallon, average wholesale price 24½ cents.

Q. How much did you distribute per quart, the average selling price per quart in 1932?—A. The total sales, wholesale, 89.7, and retail, 10.3.

Q. That is not answering my question.—A. I cannot give you any other.