

vised department. As I understand, cheques were drawn in a very loose way and were signed only by one person. The whole transaction seemed to show something wrong in the supervision and checking of that kind of work. One finds it difficult to understand how a raw, new clerk could have had such facilities free of check or supervision. Have any steps been taken to render such defalcations more difficult?

Mr. FITZPATRICK. It is almost impossible for any individual or government to protect itself absolutely against fraud. The practice in the departments requires that all cheques be signed by two officials. In addition, when the cheques were returned to the department, the practice was to have them compared with the bank list by two of the officials, the one independent altogether of the other. It would appear that there was some remissness in that respect.

Mr. FOSTER. The same man who drew the cheques, checked off the list?

Mr. FITZPATRICK. No, but instead of having two officials go over the cheques and compare them with the bank list at the end of the month, only one did the work. It appears to me that when at the end of the month the bank returned its statement of the amounts paid over, the cheques should have been in the hands of an official of the department and there ought to have been some method of ascertaining what had been going on during the month. We are in the habit of criticising very severely, on both sides, the action of the officials of the department, and we are told that there are practices in the department which would not be tolerated in any private institution. It would appear that some of the cheques in question were paid with only one signature attached. That was not the fault of the department, but of the bank that paid the amount. In fact, I understand, that some of the cheques bore no signature at all—simply the official cheque filled in. So, this is not a case of laxness or remissness exclusively on the part of public officials.

Mr. FOWLER. Have any steps been taken to collect the guarantee bond which this man Martineau put up when he was appointed? I suppose he did put up a guarantee bond?

Mr. FITZPATRICK. Nothing was done with respect to the guarantee bonds. I think my hon. friend (Mr. Fowler) will bear me out when I say that it would not be the part of prudence to take steps against the guarantor until we have settled the question of liability. Our contention is that there is no liability, that the cheques being bogus cheques, the bank was not authorized to make payment to Martineau.

Mr. FOWLER. The government are still fighting that question?

Mr. FITZPATRICK. We have it tried. It is sub-judice.

Mr. FOSTER. Who are the guarantors?

Mr. FITZPATRICK. I have not the names under my hand.

Mr. STOCKTON. Do I understand the minister to say that the government repudiate the liability on cheques paid by the bank that were not properly signed?

Mr. FITZPATRICK. Yes.

Mr. STOCKTON. And that stands for judgment?

Mr. FITZPATRICK. Yes.

Civil government—Department of the Interior—salaries, \$166,254.

Sir WILFRID LAURIER. There is an increase of \$25 for the chief clerk—law clerk—which takes him to this maximum. The increase to the secretary is also the statutory increase. The same with the chief clerk, timber and mines, the clerk of patents—taking him to his maximum—the chief clerk of the registration branch, the accountant, and the chief clerk of the Dominion lands, patent branch. In fact there are none but statutory increases. There is one sub-item of this vote which calls for some explanation:

Two surveyors at \$2,300 each, J. J. McArthur and C. A. Bigger, notwithstanding anything in the Civil Service Act.

Mr. McArthur is an old employee of the department, having first joined the staff in 1897, I believe. He has been employed ever since in one work or another under the department, and always as a surveyor. For the last two or three years he has been paid out of the Alaska boundary appropriation. Mr. Bigger is also a land surveyor. He was employed in the department from 1882 to 1887, when he resigned. He was taken into the department again in 1901. Since then, he has been employed in marking again the boundary between the state of New York and the province of Quebec, being paid out of a special vote. It is now proposed to put these gentlemen under the regular staff of the Department of the Interior.

Mr. FOSTER. Are these middle aged men?

Sir WILFRID LAURIER. Mr. McArthur is perhaps, 54 or 55. I do not know Mr. Bigger's age.

Mr. FOSTER. The Prime Minister has not finished his explanation I think. There are some extra junior clerks.

Sir WILFRID LAURIER. There are two second-class clerks and one third-class. The engagement of these is made necessary by the growth of the work of the department.

Mr. FOSTER. All these clerks are in the department here?