

necessity should arise for their use for any other purpose that might affect the defence of this country.

Item agreed to.

MAIL SUBSIDIES AND STEAMSHIP SUBVENTIONS

Additional amount required to provide for ocean and coastal subsidies, and to assist in the carriage of lumber from Churchill to the United Kingdom, \$209,036.

Mr. ELLIOTT: Can the minister tell me what investigation is made into the financial standing of companies asking for steamship subventions?

Mr. STEVENS: In view of the circumstances obtaining at this stage of the session might I ask my hon. friend to be good enough to use the information we have placed at his disposal. I do not think it would be fair to the rest of the house for himself and me to discuss these questions back and forth, because I placed at his disposal all the information we had in the department, without reservation. I was in hopes that he could make his statement on the information supplied him. I am not inclined to refuse the fullest information but it would be better for him to make his statement on the basis of what we have submitted to him.

Mr. ELLIOTT: There was no information placed before me as to the representations that were made to my hon. friend.

Mr. STEVENS: The whole file was placed before the hon. gentleman.

Mr. ELLIOTT: Am I to understand then that there was no statement by anybody with regard to the financial standing of this particular company?

Mr. STEVENS: No, my hon. friend knows that the contrary is true. The department did make some inquiries and I was under the impression that my hon. friend knew that fully. It was on the file and there was no hesitation in giving him the widest access to it.

Mr. ELLIOTT: What was the information as to the standing of the company?

Mr. STEVENS: I am in a quandary how far I can quote. Any information we got from one of the mercantile companies is more or less confidential. There is no objection to giving it, but I question very frankly whether it is fair to Duns or Bradstreets or one of the commercial agencies to produce in the house statements made by them regarding the affairs of a private company. I do not think it is ever done in the house, nor do I think there is any object to be gained by reading it. I will send across to my hon. friend what I have here; it was on the files.

[Mr. Bennett.]

Mr. ELLIOTT: Were any representations made to my hon. friend, apart from this, as to the standing of the company?

Mr. STEVENS: I presume that what he is now asking about is a letter from one of the members of the house, but that also he knows about. I cannot recall any others.

Mr. CANTLEY: The important thing is that the people have the facilities and the experience and are able to carry out the contract.

Mr. ELLIOTT: If that had been so it would have been important to the people I represent, but unfortunately nothing was further from the fact. What I want to call attention to is this. In February, 1931 a company known as the Richelieu Corporation was incorporated under letters patent, and a little later they had their provisional directors' meeting, when the setup of the company was made. Let me first of all point out who comprised the company. Mr. Richardson, who, at a meeting three days after the provisional directors' meeting, was made president of the company, was doing business in Montreal. He had formerly been unfortunate in business, was not successful, and had gone into bankruptcy some years before. Associated with him was Mr. James McDonnell, who ran a produce supply company. Mr. McDonnell was also somewhat known to the Department of Trade and Commerce, as I see by the file that he had taken part, not a creditable part, in some shipments of hay some years before and also in shipments of horses to Rotterdam in 1931. The records of the department show that he was not a man of standing in the department. The man associated with them and who apparently was the guiding spirit in the matter was Mr. E. A. D. Morgan, barrister. He apparently guided the company. When the set-up came it was this. Mr. Richardson had taken shares of the company for practically \$20,000. In exchange for this he had shares in a concern known as Canadian International Corporation. I am told that these shares were worthless at the time. That is the finding of the auditors who have looked into the matter. So that we have Mr. Richardson owning all the company, with no investment except these worthless shares—that is, all the stock in one company that was of no value purchased by stock in another company which was of no value—and they started under their charter to do various things, such as dealing in live stock, canning operations and the operation of vessels. They