

the owners, and the valuation when the boat was given British register, and then he goes on to say ;

It appears to me, in this connection, that this entry has been erroneously appraised, and allowed entry at an erroneous valuation.

He said it was a 'allowed' entry. The entry is not made by the collector but by the owner. He says :

I examined the steamer and made careful inquiry and investigation respecting her.

It is asked why the inspector did not do this or that, but the inspector according to this statement did all he was condemned for not doing. Mr. McMichael says :

I learn that the hull of the steamer was rebuilt at Unalaska, Alaska, in 1898—

In face of this statement, we have the excuse made by the Minister of Customs and by the hon. member (Mr. Fraser), that this was an old hulk and that in such a case it was impossible to make anything like a correct valuation. Why the steamer was built just a year before and Mr. McMichael's report continues :

—that her engines were built by J. Reiss & Son, of Pittsburg, Pa., in 1894, and her boilers by Moran Bros., of Seattle, Wash., in 1897; that she was entered at customs at the port of Dawson as above stated for the purpose of obtaining Canadian register; and that she was registered at the port of Dawson as a British vessel on June 3, 1899, in the name of John Steinhoff, a British subject, as owner. After investigation and a careful examination of the hull and appurtenances and the boilers, engines and machinery. I made a fresh appraisement and valuation of the steamer on August 14, 1899, as follows:

Hull and appurtenances	\$20,000
Boilers, engines and machinery..	5,000

Total	\$25,000
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Mr. McMichael increased the valuation two and a half times what was made by the owner. The owner knew what it cost to rebuild the steamer at Unalaska the fall before, and the owner knew what the boilers cost in 1897, a year and a half before. The owner knew what the engines and the other machinery cost, and yet he made a solemn affidavit that the vessel was only worth \$10,000. This North American Transportation Company and these individuals connected with it, got Mr. Wade and he assisted them in getting this false entry through, and they tied up the hands of the collector. The worst I can say about the collector is that this man terrorized him, that Mr. Wade was dominating all the officials there, and was getting fat fees from all companies doing business with the government, so that he had to render a service to these companies, and the service he rendered to this company was, that by some improper influence he compelled the collector of customs to accept this as a proper valuation, by which the government was defrauded out of several thousand dollars.

Mr. WALLACE.

The duty that was paid was \$11,450; the duty exigible, on the valuation of Mr. McMichael would be \$4,875, a difference of \$3,425. These gentlemen say that there was a double duty imposed according to section 8 of the Customs Act; but I am afraid they had not before them the Customs Act which they were quoting so glibly.

The MINISTER OF CUSTOMS. Do you know it better than I?

Mr. WALLACE. I think I do, and that is not much of a compliment to myself either. Here is section 8, which says that on an under valuation of twenty per cent or more, a sum equal to the duty and one-half more shall be payable. The minister has been saying that on an under valuation of fifteen per cent or more a double duty shall be payable.

The MINISTER OF CUSTOMS. What is that?

Mr. WALLACE. It is the Customs Act in the Revised Statutes of 1887.

The MINISTER OF CUSTOMS. It has been changed since then.

Mr. WALLACE. That is the only Act we have here. At any rate, the inspector of customs increased the valuation two and a half times what it was, and the owner of the vessel had the opportunity of refusing to accept that valuation; yet apparently he did not do so, but paid the double duty; so I am told by the minister.

The MINISTER OF CUSTOMS. Yes, but under protest.

Mr. WALLACE. What did he do with the protest?

The MINISTER OF CUSTOMS. He paid the protest. After he had been fined under section eight by Mr. McMichael, he had to pay the full amount immediately. Then they paid the amount under protest. If they had not done so, the ship would have been seized. They do not admit now that Mr. McMichael's dealings towards them were fair?

Mr. WALLACE. Almost a year has elapsed since Mr. McMichael made that valuation. I ask the minister whether anything further has been done about that protest?

The MINISTER OF CUSTOMS. There has been nothing done further. I think; at least, it has not reached Ottawa.

Mr. WALLACE. And I presume it will not. After investigating the boiler, the hull, the steam engine, and all the machinery, Mr. McMichael put down the valuation at \$25,000; and I am quite sure he would make a very conservative estimate. So that there was a fraud practised on the government to the amount of the duty on \$15,000. But the point I want to make is that the owner