

POST OFFICE DEPT., OTTAWA, June 16, 1898.

SIR,—I have your further letter of the 3rd instant on the above subject.

With regard to the shortage in the post office funds at the Northern Receiving House, in Montreal, I beg to furnish the following list of the stamps supplied to that office and the remittances to the bank, taking as a period from the 22nd October, 1895, to the 9th November, the date of the defalcation, which perhaps will convey the required information :—

1895.—Stamps supplied, 22nd October, \$404.

Dates and amounts of remittances to bank : 22nd Oct., \$70 ; 23rd Oct., \$50 ; 24th Oct., \$190 ; 25th October, \$20 ; 26th October, \$155 ; 28th October, \$35 ; 29th Oct., \$525 ; 30th Oct., \$35 ; 31st Oct., \$50 ; 1st Nov., \$30 ; 2nd Nov., \$30 ; 4th Nov., \$80 ; 5th Nov., \$40 ; 6th Nov., \$95 ; 7th Nov., \$30 ; 8th Nov., \$80.

When money orders are signed by the issuing postmaster, stamped with his office date-stamp, and properly advised, this department does not require any unusual steps to be taken by the paying office, it being a common occurrence for a number of orders for large amounts to be paid at the same time to one person. No special inquiry was made in the St. Cuthbert case.

For some years past the department has been increasing the number of daily reporting offices as fast as was deemed advisable in the interests of the service.

I am, sir, your obedient servant,

The Auditor General.

R. M. COULTER, *D.P.G.*

AUDIT OFFICE, OTTAWA, October 12, 1898.

SIR,—I have received your letter of the 10th instant, inclosing statements of arrears due by postmasters (old and new account).

If there are no balances due by disbursing officers or by any other persons whether Government officers or not, please state so.

You state that the arrears due up to June, 1897, cannot be collected, as every means of recovering the same had been exhausted previous to that date. Has any endeavour, by course of law, or otherwise, been taken to recover these arrears from the sureties of the defaulting postmasters ?

The arrears on new account have increased \$578.46 during the year, made up as follows :—

Newcastle, N.B.—J. Fish, postmaster.....	\$ 3 77
Norman, Ont.—J. B. Davies, postmaster.....	573 69
Terrence Bay, N.S.—S. C. Slaunwhite, postmaster.....	1 00

I have to ask for full information of the circumstances that enabled the Norman postmaster to run so far in arrears. Please let me have the report of the last inspection of that office.

I am, sir, your obedient servant.

The Deputy Postmaster General.

J. L. McDOUGALL, *A.G.*

POST OFFICE DEPT., OTTAWA, Dec. 1, 1898.

SIR,—I have the honour to acknowledge receipt of your letter of the 12th October, on the subject of the arrears due by certain retired postmasters, and asking if there are any balances due by disbursing officers or by any other persons, whether Government officers or not, and in reply, to say that there are no balances due by any persons other than retired postmasters.

Full explanations of the circumstances in connection with the arrearages for the year ended 30th June, 1897, were given in my letter of the 3rd May last, a copy of which is inclosed herewith, and in view of the facts, as therein set forth, it was considered useless to endeavour to recover from the sureties by process of law.

With regard to the amounts added to the outstanding balances on the 30th June, 1898, I may say that in two of the cases, viz., Newcastle, N.B., \$3.77, and Terrance Bay, N.S., \$1, the defaults were not thought of sufficient amount to justify the institution of legal proceedings.

In the case of Norman, the default occurred between the 16th August and the 24th September, 1897, and amounted to \$1,573.69, but the department had a guarantee bond for the sum of \$1,000, which was collected, leaving the balance of \$573.69, as reported. Criminal proceedings were instituted against the postmaster, which resulted in his conviction and sentence to penitentiary for five years.

You ask for full information of the circumstances that enabled the postmaster to run so far in arrears, from which it appears that you are under the impression that the default was some time in accumulating, having apparently lost sight of the fact that the