

## The Enquiry Conducted by T. Hollis Walker, K.C.

(Continued from 7th page.)

MR. WINTER: Q.—Would money that was handed to Sir R. Squires personally have anything to do with the books of the firm at all?

A.—It would not affect them in that way.

Q.—You merely got it from Mr. Meaney on an I.O.U. of your own and handed it to Sir R. Squires and it did not in any way affect the finances of the firm?

A.—No.

Q.—I showed you a deposit slip here was that in your writing?

A.—Yes.

Q.—Is that one of those deposits you made in the Commerce Bank?

A.—Yes.

Q.—Was that made at Sir R. Squires' request?

A.—Yes.

Q.—And to his private account?

A.—Yes.

Q.—Nothing to do with the firm?

A.—No.

Q.—Was that \$500.00 received from Meaney?

A.—What is the date?

MR. WINTER: 27th July, 1923?

A.—Yes, it came from Mr. Meaney. Q.—As to the I.O.U. transaction. You have already said that the I. O. U's. you gave to Meaney were the only records of the transactions?

A.—Yes.

Q.—You kept none yourself?

A.—No. I thought a record could be obtained at any time.

Q.—Some of these were small amounts but there are three or four comparatively large amounts such as for \$5,000, one for \$3,000, and one for \$4,000. Were these cashed in the same way?

A.—Yes. In bills and notes.

Q.—Do you remember what happened to them particularly?

A.—Here is one for instance, Dec. 11, 1921, for \$3,000, and another on the 15th for \$2,000?

A.—I do not know. There was nothing special about them.

Q.—Do you remember paying to Sir R. Squires as large an amount as that at any one time?

A.—Yes.

Q.—That you received in this way?

A.—Yes.

Q.—Do you remember any other deposits made in the Canadian Bank of Commerce besides that from that source?

A.—I think so.

Q.—Would they be kept in the same way as the deposit slips for the firm?

A.—I think that Sir R. Squires would look after these.

Q.—Some of this money you got you deposited, and some of it you used to pay sundry creditors and so on. Can you remember any occasion or occasions on which you cashed a cheque received from Mr. Meaney and the deposit slip taken to the Bank?

A.—The \$500.00 cheque you showed me was received from Mr. Meaney and deposited in the Bank. I remember on another occasion depositing another cheque in the Bank of Commerce.

Q.—Was that \$3,000 received from Meaney?

A.—Yes. It was in the winter and I was on Bell Island ice bound, and I sent a message to the office requesting that a call be made on Mr. Stewart of the Bank of Commerce, as Mr. Stewart had been writing me and telephoning the office about Sir R. A. Squires overdraft, and I told the office that on my return I might probably arrange, as my brother could not do it.

Q.—Do you remember if you got that particular amount?

A.—Yes.

Q.—Are you able to say if that was on Dec 5, 1921?

A.—I could not tell the date.

COMMISSIONER.—It was in the winter time and it might have been in December?

A.—Yes.

MR. HOWLEY.—With your permission, Sir, there are one or two questions that I would like to ask arising out of the re-examination.

COMMISSIONER.—The ordinary rule in England is that the cross-examination is not allowed after the re-examination but I do not know what the rule is here; but if something fresh should come out in the re-examination on the cross-examination Counsel can ask the Judge to allow any particular question. Can you tell me the question?

MR. HOWLEY.—The first question I would like to ask would be with regard to this ledger memo of the amounts received from Mr. Meaney. I want to know if that was with the papers that Mrs. Harsant handed over to Mr. Fraser when he succeeded her as accountant in the office?

A.—Yes, it was put in as a memo and not as a regular account.

COMMISSIONER.—It was in one of the ordinary pages of the Ledger? It was still left in the ledger when Mr. Fraser succeeded you. It was not put in as a memo?

A.—Yes.

MR. HOWLEY.—I want to know also if up to the time Mr. Fraser assumed office you had the custody of this Ledger?

A.—Well from the time Mr. Fraser assumed office we had it between us. We were going through the work together and he commenced asking me questions about those stubs. I did not have sole custody of the Ledger we were doing the work between us.

Q.—I would like to ask if when Mrs. Harsant went out of office did she leave those papers in custody of Mr. Fraser?

A.—As far as I know that page was still in it and may be in it to-day.

COMMISSIONER.—When you ceased to visit the office did you leave behind you those papers and as far as you know they are in the Ledger to-day?

A.—Yes.

MR. HOWLEY.—I would also like to ask a question or two with regard to this statement about the insurance claims of Mr. Arch. Brown?

COMMISSIONER.—Do you think it is advisable to go into this. It is this that there was an occasion when one of these \$1000 amounts was wanted urgently and it was got from Mr. Meaney by witness. It was wanted urgently for an insurance claim.

MR. HOWLEY.—I did not understand Mrs. Harsant to say that any one thousand of the amount got from Meaney was appropriated that way.

COMMISSIONER.—She said that on one occasion that she went to Mr. Meaney an urgent claim came in for \$1000 in respect to fire insurance. She said it was important that the claim should be settled at once and she went or sent to Meaney and got the money.

MR. HOWLEY.—Might I request you, Sir, to ask Mrs. Harsant if she remembers what was the amount of the Arch. Brown claim?

MR. HOWLEY.—I did not understand Mrs. Harsant to say that any one thousand of the amount got from Meaney was appropriated that way.

COMMISSIONER.—She said that on one of the occasions that she went to Mr. Meaney an urgent claim came in for \$1000 in respect to fire insurance. She said it was important that the claim should be settled at once and she went or sent to Meaney and got the money.

MR. HOWLEY.—Might I request you, Sir, to ask Mrs. Harsant if she remembers what was the amount of the Arch. Brown claim?

COMMISSIONER.—This is getting a long way from the issue and I am not sure whether it is allowable or not. If you desire to go into it I shall desire to go into the full facts of the matter.

MR. HOWLEY.—Somebody was obtaining a claim for insurance? What insurance was it?

A.—I think it was a Globe and Rutgers Fire Insurance claim for a fire that had occurred at Blaketown. Arch Brown was the insured.

COMMISSIONER.—Sir R. Squires' firm were the agents?

A.—Yes—Mr. Brown having had a fire at his premises put in a claim for compensation and he wanted the whole amount but it could not be paid then. He was satisfied to take \$1000 on that day and if he did not get it he was going to take legal proceedings against the firm unless they got the money for him. I did not know whether the Company up to that time or not.

COMMISSIONER.—Could you explain why action could be taken against the firm unless they had received the money?

A.—The money must have been received and appropriated for other purposes.

COMMISSIONER.—I gather then that the sudden demand for \$1000.00 was because the money had been received from the Insurance Co., and appropriated for other purposes by the firm of Sir Richard Squires.

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COMMISSIONER.—You have got it out now Mr. Howley but I do not know whether it does your client much good.

MR. HOWLEY.—I have not got it as I wanted it.

COMMISSIONER.—Then you are happy.

MR. HOWLEY.—Mrs. Harsant stated she does not know whether the money had come in from the Insurance Company.

COMMISSIONER.—You cannot take action against a firm who are solicitors or agents for a company for money due unless the firm got the money. Mr. Brown was going to take action. Is not that sufficient for you to decide that Sir R. Squires or Sir R. Squires' firm had received the money.

MR. HOWLEY.—I submit, Sir, that Brown's going to take action is not sufficient to show that Sir R. Squires or his firm had received the money. She said that the money must have been received and before that she said she did not know if it had been received or not.

WITNESS.—The records of the office would show if the money had come in.

COMMISSIONER.—Maybe Mr. Howley you are able to contradict her evidence and smash it, but at present it must stand until it is contradicted.

MR. HOWLEY.—Might I ask that the witness be asked when the claim of Brown arose?

A.—As far as I can recollect when he made the claim we were without funds and his claim had to be paid.

COMMISSIONER.—Do you know the date he made the claim?

A.—It was so long ago that I cannot remember now.

MR. HOWLEY.—Might I ask that the witness be asked how much the claim of Mr. Brown was?

A.—I do not remember.

Q.—Might I ask that the witness be asked whether the claim of Brown was paid before or after she left the employ?

A.—I knew then but since that time Mr. Fraser had taken over my work and I do not remember, but I must have been in the office at the time, because the \$1000 that I borrowed came back to the office.

COMMISSIONER.—But that was not the whole of Mr. Brown's claim, that was only a payment on it and that satisfied him for the moment?

A.—Yes.

COMMISSIONER.—You know that \$1000 was paid him?

A.—Yes.

Q.—But you do not know about the rest?

MR. HOWLEY.—Q.—Might I ask another question? Will the books or records of the office as she handed over to Mr. Fraser show when and in what payments Brown's claim was satisfied?

A.—They should.

COMMISSIONER.—Can you say whether they do?

A.—I do not know.

COMMISSIONER.—It was after the \$1000 was paid that you left the office?

A.—Yes, but I remember a receipt being made out for \$1000 and Mr. Curtis dictated the receipt.

MR. HOWLEY.—Would the records of the accounts show that particular record of the \$1000.

A.—As that was an amount got from Mr. Meaney it would be put in a separate sheet in the Ledger. It was not mentioned Meaney's account but just a memorandum for Sir R. Squires when he came back from abroad.

Q.—The question I desire to ask is do the books that witness handed over to Mr. Fraser show that this particular account for \$1000 is recorded?

COMMISSIONER.—That is a difficult question for witness to answer in view of the long period that has elapsed since she left the office as to whether books that are closed contain certain things or not.

MR. HOWLEY.—My point is that it is supposed to be a record of all financial transactions of the office. It was in the care and custody of this witness and she now alleges that one of the \$1000 was got for the purpose of paying insurance claims, and that she paid one Arch. Brown. What I want to know is there an entry of that in the books.

COMMISSIONER.—Is that a fair question, Mr. Howley, and his clients got the books in their possession. Show me the book and I will find out.

MR. HOWLEY.—I am prepared to show the book but not at this sudden notice.

COMMISSIONER.—Better then ask her does she know from memory as to whether a particular entry was made in the book, and then possibly it will be found out what you want.

A.—There should be an entry as Mr. Curtis dictated that receipt that was given to Mr. Brown.

COMMISSIONER.—I do not think that I shall allow it to be put in as to what the contents of a certain document is. The document must be produced and must speak for itself.

FRANCIS C. BERTEAU, Sworn—  
(Examined by Mr. Hunt.)

Q.—You are the Auditor General of the Colony, I think?

A.—I am.

Q.—How many years have you served as Auditor General?

A.—Twenty-five.

Q.—Does the Department of the Controller come within the scope of your duties?

A.—It does.

Q.—Has there been an audit of the accounts of that Department by you or by any of your staff at any time?

A.—It has been conducted by my Deputy as far as the revenue account is concerned by Mr. Dobbin. As far as the expenditure is concerned it has been audited by me personally.

Q.—Are there account books in that Department?

A.—There are.

Q.—Do you know what these are or were?

A.—On the expenditure side the usual expenses and the revenue side the cash account.

Q.—And these, you say, were audited by whom?

A.—The cash side, by my Deputy, Mr. Dobbin.

MR. WALKER.—Did he do the revenue?

A.—Yes.

Mr. Hunt.—Has your audit ever included an audit of the stock?

A.—No.

Q.—Not since the time the Department came into existence?

A.—My Department has never conducted an audit of the stock since it came into existence.

Q.—The Controller has never had to account to anybody as to how much stock he purchased, or how much was there, or how much left the premises.

A.—He has never done so to my knowledge.

MR. WALKER.—Without that the audit would hardly be complete?

A.—No, Sir.

MR. HUNT.—Was that state of affairs ever brought by you to the attention of anybody else?

A.—Yes, by me to the attention of the Controller and once or twice to the attention of the Prime Minister, who was then at that time performing the duties of Finance Minister.

MR. WALKER.—Which Controller?

A.—Mr. Meaney.

Q.—Which Prime Minister?

A.—Sir Richard Squires.

Q.—In his capacity in charge of the Finance Department. What is that office called?

A.—Finance Minister. I may explain, Sir, that that was done because the 55th Chapter of the Auditor's Act says that on the demand or request the Auditor General shall take stock or conduct an enquiry. That is the 55th Section.

MR. WALKER.—It seems to suggest that it should only be taken if it was by special request?

A.—Yes, Sir, otherwise that special paragraph would not be there.

Q.—And you came to the conclusion that the stock taking in this Department was a desirable thing?

A.—Yes, Sir.

Q.—Did you make the suggestion to Mr. Meaney with a view to having the request made?

A.—Exactly.

Q.—And a subsequent stock taking?

A.—Yes.

Q.—When did you make the request to Mr. Meaney?

A.—I would not like to altogether say it was in the nature of a request because he could not give any authority, but it was shortly before it was called to California. I think it was sometime in December, 1921. That was just before I went to California. I said to Mr. Meaney, "I think a stock of your Department ought to be taken."

MR. WALKER.—Then Mr. Meaney could not order it?

A.—No.

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Q.—When did you mention it to the man who could?

A.—It was shortly after my return from California in April, 1922.

Q.—I take it that you merely gave notice to Mr. Meaney that you were going to do it?

A.—I told Mr. Meaney that it was my intention to ask the Governor to take stock.

Q.—And you say it was in April, 1922 that you told Sir Richard Squires that you were going to take stock?

A.—I wrote Sir Richard Squires permission. Asking to get the Governor to instruct me.

Q.—Have you a copy of the letter?

A.—No, I have not. I cannot find it.

MR. HUNT.—Did you receive a reply from Sir Richard Squires to that letter?

A.—I received no written reply to that letter.

Q.—Did you receive any verbal reply?

A.—Yes.

Q.—Some time after, perhaps a few days, perhaps a week later, I let it go as Sir Richard Squires a busy man; he had the control of good many of the Departments. At the attention of the Prime Minister, who was then at that time performing the duties of Finance Minister.

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MR. WALKER.—Then Mr. Meaney could not order it?

A.—No.

Q.—That was a very casual conversation?

A.—Yes.

Cross-examined by Mr. Howley.

Q.—I think during the period speak of your duty would bring in touch with the various Departments of the Government and give you a personal and intimate knowledge of the identity of the head of each Department?

A.—Yes.

—By Bud Fisher.