

hundred other bonds had been sold to H. M. Feigl a few days before being disposed of in Montreal by Dallman.

The latter and his associates are known to have conducted sweepstakes in Canada and the U.S.A. It was believed that Dallman invested American 'takings' in Canadian bonds. These bonds, which sold in Canada at 108½, could be purchased in New York for at least twenty-five per cent less; the bonds were then smuggled back into Canada where they were sold at a large profit to Dallman and others.

Through the splendid cooperation of the U.S.A. postal authorities (New York office) and others, it was found that Feigl bought the bonds in question and then sold them to Herve H. Goldner who brought them to Canada. Members of the R.C.M.P. also conducted inquiries in New York. Over \$300,000 worth of Canadian bonds was purchased and smuggled into Canada. Goldner claimed he purchased them for \$265,115.92 and sold them for \$278,370.77.

Rolf Pichon of Toronto took over many of the bonds, and others involved besides Dallman were E. W. Glover and Joseph Rigler of Montreal. Inquiries proceeded with considerable difficulty as blocks of the bonds were hard to trace to the offenders. For example, to cover his identity, Dallman operated various dummy companies; rubber stamps, etc., proved this following a raid on his premises. The four Canadian culprits maintained accounts in some fifteen banks; Pichon alone had eight accounts. However, all transactions were traced, and a chart was made covering several large linen sheets which provided powerful visual evidence more effective even than oral testimony. The learned judges in all courts to the Supreme Court of Canada stated that they had never seen more complete or better charts. These showed that Dallman et al had made some \$70,000 in their illegal transactions.

Dallman, Glover, Rigler and Pichon were charged with conspiring with Feigl and Goldner to import from U.S.A. into Canada, illegally and fraudulently, about \$300,000 in Canadian bearer bonds without having obtained a licence from the F.E.C.B. A second charge was laid under the Regulations with respect to the importation of the bonds. The preliminary inquiry was heard by Mr Justice Enright who added a further count of Conspiracy to Defraud, s. 444, Cr. Code.

The accused opted for a speedy trial. The Crown proceeded with the first two charges before Chief Justice Perrault. Gerald Fauteux, K.C., represented the Attorney General of Quebec, and Hon. Philippe Brais, K.C., and Rosario Genest, K.C., the Attorney General of Canada; Henry Winfield, K.C., Lucien Gendron, K.C., and S. D. Rudenko acted for the defence. On Mar. 27, 1941, Chief Justice Perrault found Dallman, Pichon and Rigler guilty of the two counts, and acquitted Glover. Dallman was sentenced to six months and \$2,000 or an additional six months; Pichon to six months and \$1,000 or an additional six months; and Rigler to \$200 or two months on the Foreign Exchange charge, the conspiracy count being dismissed.

Dallman appealed to the Court of King's Bench. The appeal was dismissed by Sir Mathias Telier, C.J., and Hall, Walsh and Francoeur, J.J., St Germain, J., dissenting. On the basis of the dissenting judgment, an appeal was taken to the Supreme Court of Canada, on the following grounds:

1. The substantive offence was illegally created by an order in council which illegally delegates to the F.E.C.B. the controlling power delegated to the Governor-in-Council by an Act of Parliament: The War Measures Act.
2. The said orders in council having failed to prescribe in what manner and by what courts should be imposed the penalties for the substantive offence—if these penalties should be imposed by summary conviction