

Q. And subsequently I think the first person you employed was Mr. Ainslie Greene of Ottawa?—A. I can't remember just in what order we employed.

Q. Did you employ Mr. Ainslie Greene, Colonel Thompson and Mr. Pugsley?—A. Oh, yes.

Q. And on whose advice were those gentlemen employed?—A. On Mr. Sifton's advice.

Q. Is that all they were to do—describe the application? Generally what was their business?—A. I cannot go further than that. I think they were charged with the creation of a receptive atmosphere so that the company's application might be favourably received.

Q. Receptive atmosphere in whom?—A. In all those who might be concerned or have an opinion about it.

Q. Who were you applying to?—A. We were applying to the Governor in Council.

Q. Is the creation of this receptive atmosphere in that body what you were seeking?—A. I think I might better describe it if I were to say that their primary charge was, in a sense to prevent our opponents from creating an unfavourable atmosphere—a matter of counterbalancing the very steady and persistent propaganda against the enterprise.

Q. With whom?—A. With the departmental officials, with members of parliament, with members of the government, with the civil service generally. You must remember that at that time it was by no means decided whether or not the power rights were owned by the province or owned by the Dominion."

Senator McDougald makes an explanation of the bill rendered by him to the Beauharnois Company showing the payment of the expenses of the Right Honourable MacKenzie King at the Hotel Bermudian on pages B178-180: his answer to this was, as is well known, that he was a close personal friend of the then Prime Minister.

Senator McDougald had his personal counsel paid by cheque of the Beauharnois Company in the sum of \$7,500 for attending on his behalf before the Committee of the House of Commons, and his own expenses in the sum of Four Hundred and eighty seven dollars during the period that that Committee sat. It is notable that at that time Senator McDougald was in Ottawa attending the Senate of Canada. His answers on pages B181 and 182 as to why Mr. Starr's account should be paid by the Company and in what capacity Mr. Starr was appearing, may perhaps be taken as a general comment of his lack of frankness in connection with the whole matter of inquiry, because the record of the Commons Committee, particularly the statements of Mr. Starr as in what capacity he was appearing; the statement made to the Senate by Senator McDougald as to refusing to appear before the Commons Committee, are eloquent and conclusive of the fact that Mr. Starr was appearing for him in his personal capacity and not as chairman of the Beauharnois Power Corporation.

In conclusion, Senator McDougald made a private gain of \$451,975 and 168,000 class "A" shares from the Beauharnois enterprise, all obtained from public subscription from the people of Canada; while he was a Senator of Canada, in duty and honour bound to protect the interests of the people of Canada. (Pages B182-185.) The fact that he was thus prominent and a close friend and adherent of the Government of the day throws some light on his statement on page B184 when he took "A political gamble." Again it should be emphasized that he did all of these things believing, at least, that the property from which he made his money might have been the property of the Dominion of Canada, as evidenced by his application with Henry through the Sterling Industrial Corporation for that property and knowing, at any