

## Auditor General's Report—Part N

AUDIT OFFICE, OTTAWA, May 7, 1898.

SIR,—I have received your letter of the 3rd instant, in reply to my letter of April 23th, asking for information respecting certain new arrears due by postmasters.

I have to inquire : (1.) How long was the Northern Receiving House, Montreal, left in charge of a letter carrier ? (2.) Why was not a postmaster regularly appointed ? (3.) Whose duty is it to see that postmasters furnish the necessary surety ? Please let me have a detailed statement of this account, giving dates and values of stamps furnished, and dates of remittances.

The defalcation of \$2,044.98 at St. Cuthbert arose, you state, through the postmaster issuing fraudulent money orders, and that his sureties were private bondsmen from whom nothing could be secured.

Were these orders regularly applied for and paid by outside persons ; or were they issued without application by the postmaster ? If the latter, how and where were they cashed ? I have to ask for a statement of them, giving dates and amounts.

This case is a further evidence of the serious objections to taking private bondsmen as sureties. Is not the regulation now in force in your department in regard to this subject, to require always the security of a guarantee company ?

I am, sir, your obedient servant,

The Deputy Postmaster General.

J. L. McDUGALL, A.G.

POST OFFICE DEPT., OTTAWA, May 28, 1898.

SIR,—I beg to acknowledge receipt of your letter of the 7th instant, with further reference to the defalcations at the Northern Receiving House and St. Cuthbert Post Offices, and to say in reply :

1st.—That the Northern Receiving House was established on the 1st January, 1876, as a letter carrier's depot, for the sale of postage stamps, and for the reception of articles to be registered, and ordinary mail matter. A letter carrier was placed in charge, on the authority of the then Postmaster General, and letter carriers doing outside duty were attached thereto. The money order system was introduced there on the 1st January, 1895, and Letter Carrier J. Lemieux, who was then in charge, used the funds to the extent of \$390.45. I inclose a copy of the Cash Account of 9th November, 1895, which shows the condition of affairs when the post office was inspected. It will be noticed that the postmaster had falsified his statement of stamps on hand, he having certified the balance of stamps carried over from previous day to be \$581.50, whereas the post office inspector found stamps to the value of \$194.71 only.

2nd.—Inclosed will be found a copy of the St. Cuthbert Money Order Return for term ended 15th February, 1897. The money orders noted there were issued without application, by the postmaster, and were cashed by the post offices at Louiseville, Montreal and Sorel. I attach a memorandum on the subject from the Superintendent, Money Order Branch.

Under a recent ruling of the department, postmasters at all accounting offices will now be required to furnish a guarantee company's bonds.

I am, sir, your obedient servant,

The Auditor General.

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

AUDIT OFFICE, OTTAWA, June 3, 1898.

SIR,—In your letter of May 28th, you state that a letter carrier was in charge of the Northern Receiving Office, in Montreal; that he used money order funds to the extent of \$390.45, and falsified his statement of stamps on hand, having only \$194.71, while he claimed to have \$581.50.

You omitted furnishing the statement asked for in my letter, showing the dates and values of the stamps furnished to this office, and the dates and amounts of his remittances.

In reference to the fraudulent issue of twenty-two money orders, amounting to \$2,040, by C. N. Paquin, postmaster at St. Cuthbert, you inclose a statement showing that three were in favour of J. C. Paquin, and payable at Louiseville, and nineteen in favour of N. Paquin, ten of which were payable at Montreal, and nine at Sorel. I would like to have all the information you have obtained from the postmasters who paid these orders.

They were all issued on February 9th, 1897, and as this postmaster only reports weekly, he had till the 15th to make a return. Would it not be advisable to increase the number of money order and savings bank offices reporting daily ? It would then be possible to detect any irregularities more promptly.

I am, sir, your obedient servant,

The Deputy Postmaster General.

J. L. McDUGALL, A.G.