

The Enquiry Conducted By T. Hollis Walker, K.C.

JANUARY 30th, 1924.
Q.—But was he not entitled to ask it and to get it?
A.—If you read the letter you could see.
MR. HUNT.—You said "If the matter is of vital importance I will take up with the Comptroller the matter of having same released to you." Did you receive a message on the 13th of July from Miller?

A.—Yes.
Q.—Have you that?
A.—Yes.
Q.—I ask that that be put in.
MR. LEWIS.—Can I see it before it is read?

COMMISSIONER.—Why before it is read? I have waited for you all to read the others and here I sit doing nothing. I think we are losing a lot of time. I thought if it was handed to me first and it was read aloud that we might get on a little quicker.

MR. LEWIS.—I thought it might be submitted to Counsel.

COMMISSIONER.—If Counsel asks to have it put in I do not know what right you have to ask for it. Your objection should not be to its contents, but to its originality. This is from Mr. Miller to Mr. H. B. Gillis:

"Your two letters of the 11th inst. received. My reason for requesting return of cheques, self-defence. Squires taking very unfriendly course. Meaney is suspended result difference with Prime Minister the outcome of this, to inevitably disclose certain transactions which probably result disruption of present Government and endanger the present Government, also involve Besco and bring my affair Wabana in the limelight necessitating incontrovertible evidence that my personal integrity was impeached. Considering that I have already suffered undeserved odium and serious personal loss consequence these transactions must now request that that protection entitled the ready compliance my request. Will likely be compelled production of cheque by legal proceedings. Please give it personal prompt attention and advise."
(Sgd.) J. J. MILLER.

MR. HUNT.—Did you send any reply, Mr. Gillis?

A.—No, I was coming down here shortly after that.

MR. HUNT.—I wish to produce this paper. Is that in your handwriting, Mr. Gillis?

A.—Yes, that is in my handwriting.

Q.—To whom?

A.—I think it is to Mr. J. J. Miller.

Q.—Do you remember when it was written?

A.—No.

MR. HUNT.—Hand paper to Commissioner.

COMMISSIONER.—Maybe Mr. Lewis likes to see it first.

MR. LEWIS.—I appreciate the very kindly consideration.

COMMISSIONER.—We will wait a bit. Who wants to see it next? Nobody else. Then I shall read it. It has no date and there is no indication of date anywhere on the paper. It reads as follows:

"Mr. Kempton of the Montreal office is going to St. John's by the Digby leaving Halifax 6th inst. Amongst the matters he wants to look into it is the affairs of the Trading Company and the large account against you by the Nova Scotia Steel and Coal Company. He may be accompanied by someone from Doak's office and may want to see your books, etc. You might consider they have no right to look into your affairs apart from amount outstanding of the Wolvin matter. The Big Man down there has evidently thrown you over and denied having received anything from you. I am

still holding on to your cheque and refuse to give it up here when it was hinted that others higher up might be able to use it to advantage. I will hold it until your affairs are straightened out or until you want yourself for protection."
(Sgd.) H. B. GILLIS.

COMMISSIONER.—Who is the Big Man?

A.—I presume it was Sir Richard Squires.

MR. HUNT.—Had you at any time any conversation with Sir Richard about this?

A.—I do not think I had.

Q.—You would remember surely if you did?

A.—I do not remember any conversation with him.

Q.—Do you remember having any conversation with Mrs. Harsant about it?

A.—No, I do not remember.

MR. HUNT.—Mr. Gillis, would you see if you have any message from Miller, dated March 16th, 1922?

A.—Yes.

Q.—Would you kindly produce it? (Witness produces message).

Q.—I would ask that that be put in?

COMMISSIONER.—(Reads message as follows):

To H. B. Gillis, Sydney.

"Party wishes to know if you are anxious to have any further clause eliminated from agreement or if you want it stand as arranged. Advise Wabana."
(Sgd.) J. J. MILLER.

MR. HUNT.—Do you know to whom that refers. Who was the "party"?

A.—I am not sure who it was. That was just the message.

Q.—Did you reply?

A.—I do not think I did. I forwarded his message to Montreal.

Q.—Did you hear from Montreal concerning it?

A.—I think that letter of March 25th put in this morning is a reply to that; but I am not sure.

COMMISSIONER.—Do you know if any steps were ever taken by the Company to collect this \$46,000 from Miller?

A.—I do not know of any.

Q.—You did know a considerable time ago it came to the knowledge of the Company that this amount had been paid over to Sir Richard Squires?

A.—There was the knowledge of the shortage.

MR. HUNT.—Then there was a representation made in Montreal?

A.—Before that our Audit Department came down for a complete audit of the books and to verify the shortage.

Then our Comptroller, Mr. Doak, came down and took the matter up with Miller in the Fall of 1922, trying to find out if he had authority to effect this outlay.

COMMISSIONER.—When was the shortage discovered?

A.—Our Companies were more or less mixed up with the merger and it was not until the Spring of 1923 that we came down to investigate the shortage.

Q.—When was the shortage first known to the officials of your Company?

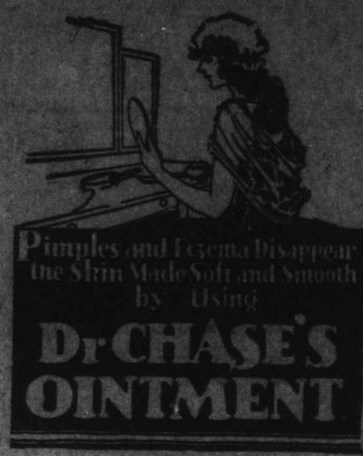
A.—When I reported it in 1921.

Q.—Why, it was at that time that the shortage was in connection with Mr. Miller?

A.—Yes, Mr. Miller had charge of the accounts at Wabana.

MR. HUNT.—What steps were taken to find how this shortage had occurred?

A.—Mr. Miller told me he had no



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thority from some of the Directors to give accommodation.

Q.—At that time the shortage was known, it was known in connection with Miller and it was known that he had given accommodation to Sir Richard?

A.—Yes, Mr. Miller had stated he had given accommodation to Sir Richard.

Q.—That's his explanation. Was it known?

A.—Mr. Miller reported it to me. I reported to the General Manager and I mentioned it to our audit department.

Q.—Anyone else?

A.—No.

Q.—At that time how often was an audit made?

A.—Every year I think.

Q.—So that the next audit would be sometime in the latter part of 1921 or early in 1922?

A.—Our fiscal year ends in March.

Q.—If this was after March 1921 the next audit was March 1922?

A.—I think Mr. Green was down at that time.

Q.—What happened at the audit of 1922?

A.—I think he verified the shortage and reported it to the Comptroller and the Comptroller would find out if the payments had been authorized by some one else and he allowed the matter to stand over.

Q.—Are not the shortages brought before the governing body of the Company?

A.—I have no idea what was done by the auditors.

Q.—It sounds to me rather strange if the auditors found something wrong the heads of the Company are not acquainted with it?

A.—The auditors would simply report it to the Comptroller and he would report on it.

Q.—I should have expected that. Even if the chief officials of the Company did not know all about it in 1921, they knew it in 1922. That is what I should expect. You did not tell the chief officials directly; but you told the people between you and them?

A.—Yes.

Q.—You told it and in the natural course of things it should reach the highest officials?

A.—Yes.

Q.—And did Mr. Miller become accountant to BESCO?

A.—Yes, Miller was accountant and Mr. Proudfoot was brought in as his assistant.

COMMISSIONER.—Miller became accountant to BESCO?

A.—Yes.

MR. KNIGHT.—But not, I think, in the name of BESCO?

A.—No, The Dominion Iron and Steel Company.

Q.—The operations were conducted after the fusion still in the name of the D. I. S. Co.?

A.—Yes.

Q.—And the operations at Wabana are conducted from the Sydney offices of the D. I. S. Co.?

A.—Yes, The Montreal office too.

Q.—But they are not conducted directly from BESCO?

A.—No.

Q.—These operations then began and still continue to be conducted under the Dominion Iron and Steel Company?

A.—Yes.

Q.—The general management of all affairs at Bell Island is now as for some time past?

A.—Yes.

Q.—The Nova Scotia Steel and Coal Company is not conducting or managing these operations now?

A.—That is right.

Q.—Before the measure of fusion took place at all, who were the high officials of the Dominion Iron and Steel Company?

A.—Mr. Wolvin.

COMMISSIONER.—Before December, 1921, Mr. Wolvin was President of the Dominion Company?

A.—Yes.

MR. GILLIS.—I have been going through my files here; and I do not think there is anything on the train.

MR. LEWIS.—I understood you to say that the auditor was on his way and not likely to be here until tomorrow evening and would bring more papers.

MR. GILLIS.—I do not think he will bring any other papers other than those relating to labor troubles.

COMMISSIONER.—Mr. Knight do you wish to examine the witness.

MR. KNIGHT.—I do not know whether you want me to interpose with these documents.

COMMISSIONER.—These I am going to recall Mr. Miller on. He should be recalled when we are done with the examination of this witness.

MR. LEWIS.—I am not sure that I shall be ready to-morrow morning. I want copies of these exhibits before examining him.

COMMISSIONER.—You must do your best.

MR. LEWIS.—I shall, as I always do.

MR. GILLIS cross-examined by Mr. Knight.

MR. KNIGHT.—The Dominion Iron and Steel Company and the Nova Scotia Steel and Coal Company have operated on Bell Island for a number of years past?

A.—Entirely separately up to the time?

COMMISSIONER.—At any rate before 1920.

WITNESS.—Up to Sept. 1921.

MR. KNIGHT.—At that time the merger took place of these two companies into the large organization which we call BESCO? That was in 1921.

A.—Yes, I think they were merged at that time.

COMMISSIONER.—I should like to see what that merger is. You say you are still in the employ of the Dominion Iron and Steel Company, therefore, there is not a complete merger. It is evidenced in writing by agreement.

MR. KNIGHT.—I think by Act of Parliament. I have never myself seen any of the documents.

COMMISSIONER.—We have quite a number of people whose names have been given, those to whom Mr. Meaney and Mr. Miller addressed themselves in Montreal, and I do not know about their positions with regard to the Dominion Company, or generally how far their positions with BESCO affect the Dominion Company.

MR. KNIGHT.—That was what I was leading up to.

COMMISSIONER.—If there was any written agreement, or Act of Parliament, it should be a simple matter to get it and I should like to see it.

MR. KNIGHT.—I do not think there is such a thing here, it does not appear in any of the official records.

COMMISSIONER.—They are both Canadian Companies.

A.—Yes.

MR. KNIGHT.—I do not know for certain whether they are Federal Companies or Provincial.

COMMISSIONER.—There are some measure of fusion, which we shall call merger.

MR. KNIGHT.—Since the measure of fusion the staffs and management of these two companies of Wabana continued to remain separately for some time?

A.—I think from September till the end of the year 1921.

Q.—After that the general management at Wabana was in the hands of one staff.

A.—Well, there was really one organization in September, but the companies occupied two separate offices and kept separate books.

Q.—And did Mr. Miller become accountant to BESCO?

A.—Yes, Miller was accountant and Mr. Proudfoot was brought in as his assistant.

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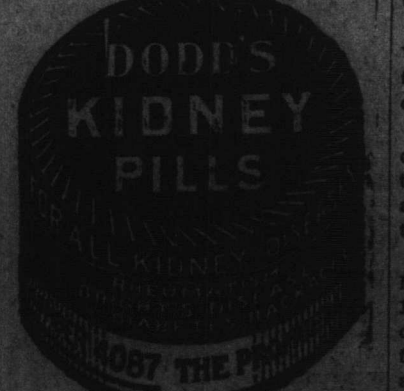
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A.—I don't think that was the reason for the suspension.

Q.—The negotiations were suspended?

A.—They did not come to any definite understanding. That was in June, 1920.

COMMISSIONER.—I did not gather that the negotiations were finalized until November, 1920.

WITNESS.—They were not.

COMMISSIONER.—Throughout the year 1920 the negotiations were on?

A.—The negotiations were started by Mr. McDougall and Mr. McInnes and he did not make very much headway.

Q.—But they went on down to November?

A.—They were taken up by Wolvin then. McInnes and McDougall went away, and they thought there was not much use in touching the matters.

Q.—They were taken up by a different champion?

A.—Yes.

Q.—The negotiations between the Company and the Government on the terms of a new agreement began early in 1920 and went right on down to November, and ultimately resulted in an agreement?

A.—Yes.

Q.—On the subject of who were signers or endorers of the note of \$20,000, and it was a note made or endorsed, do you remember which, by those two persons?

A.—As I remember it they said they had given accommodation for \$20,000, and I do not know whether as signers or endorers.

Q.—Was there anything that occurred to you suggest to you that the Dominion Iron and Steel Company was in any way responsible under that note, or in any