

one of whom—I believe the president—was, in fact, a very well established restaurant operator in the city of Montreal. The other gentlemen concerned also were very highly regarded citizens in business in Montreal. So, at the time the bids were reviewed, and subsequent to the original review, the original group did present what the department at that time considered to be satisfactory bank references, but not a bond or anything of that nature.

Mr. CAMERON (*High Park*): Then you relied on these bank statements and the reputations of the individuals who were proposing to enter into this contract in your assessment of their tender?

Mr. GOODWIN: I would not agree with that. I think Mr. Scott has made quite clear the official stand.

Mr. CAMERON (*High Park*): There must be something on which you relied. The only thing you have presented so far are statements in respect of the banking reputations of the people who made the tender. You relied on that to establish it was a bona fide solid, substantial group of persons who were behind this, and in dealing with them you believed you were not dealing with any fly by night sort of organization. Is that right?

The VICE-CHAIRMAN: I think I should point out that the recommendation made by the department was not the recommendation that was made by the minister to the treasury board.

Mr. WINCH: It should be noted on the record that the recommendation of the department was not that which was accepted by the minister.

Mr. CAMERON (*High Park*): When they entered into the contract with this group they had bank statements and knowledge of the character and reputation of these men. Probably, if they had not had the bank statements and if the men were not of the character as indicated, they would have given it a much closer look.

Mr. SCOTT: I think that is right, sir.

Mr. CAMERON (*High Park*): Having got that far, why did the department waive the requirements calling for certified copies of the vouchers for the equipment, and so on, that under the contract they were required to deliver? Was that a decision of the department, or was it a decision made outside your scope? Mr. Henderson, in his statement, says the general awareness of what had been installed made it seem unnecessary to invoke the relevant clause. Was that a decision of the department, or whose decision was it?

Mr. SCOTT: I really would not put that on the basis of a decision, sir. I think the fact was that these people were putting in the facilities in accordance with their undertaking, and the local people at the airport watched this and saw it going in. This seemed to be evidence of the good faith of the caterer.

Mr. CAMERON (*High Park*): They were putting in the equipment which indicated a value to you of something approaching \$350,000; but, why did you waive the condition that they produce receipts to show this equipment was being paid for?

Mr. WINCH: That is a top notch question.

Mr. SCOTT: This way only over a relatively short period, because during that period the company started getting into difficulties, and we had our financial service people audit their operations.

Mr. CAMERON (*High Park*): The effective date of the contract was February 1, 1961?

Mr. SCOTT: Yes.

Mr. CAMERON (*High Park*): And these receipts were to be produced within 60 days after the goods were put on the premises. By May 1 you knew that the company was proceeding to make expenditures called for in the lease, but