

CRIMINAL PROSECUTION PARLIAMENTARY CENTRAL RAILWAY COAL AND RAILWAY COMPANY COMMISSION REPORT

Resuming the Central Railway discussion on Thursday, Mr. Crockett proceeded:

Now I come to what I consider the MOST GROSS ACCUSATION CONTAINED IN THIS REPORT, THE ONE TO WHICH THERE CAN BE ABSOLUTELY NO REPLY, AND IN RESPECT TO WHICH I SAY IT DISGRACES THAT ANY ONE GUILTY OF THE CONDUCT THEREIN CHARGED SHOULD REMAIN IN THE GOVERNMENT OF CANADA IN CONTROL OF ONE OF ITS GREATEST SPENDING DEPARTMENTS. I REFER TO THE STATEMENT REGARDING THE MISAPPROPRIATION OF \$38,000 IN RESPECT OF THE PURCHASE OF THE CENTRAL RAILWAY, and I am going to read what the Commission says with reference to that. It will be found on page 51 of the report.

"Mr. Evans stated the small ledger was all he had seen out of the wreck in the way of books, and the others must be at Hamilton. These, however, could not be found."

PROVINCE PAID \$180,000 FOR CENTRAL

He swore that the above \$140,000 was ALL HE EVER GOT UNDER HIS AGREEMENT WITH THE NEW BRUNSWICK COAL AND RAILWAY COMPANY. He stated that the balance of \$38,000, he could not tell and would not even attempt to surmise. He made several earnest attempts to get the balance which he thought was due him, but was told he did not give a complete title, and, getting tired out after a time, HE ACCEPTED THE PAYMENTS AS A SETTLEMENT.

It was stated in the House of Assembly that the full \$180,000 was paid for the Central Railway.

This statement was made WITH THE FULL KNOWLEDGE THAT SOME \$39,000 OF THE \$180,000 HAD NOT BEEN PAID AND WAS NOT TO BE PAID. IT WAS KNOWN BY MR. SHARPE THAT HE HAD PREPARED UNDER INSTRUCTIONS, a statement that the full amount of \$180,000 had been paid, and SUCH STATEMENT WAS FOLLOWED BY THE GOVERNMENT TO BE PUT ON FILE AT FREDERICTON WITHOUT CORRECTION. In an order in council dated July 12, 1904, PREPARED BY MR. SHARPE, THE HON. MR. PUGSEY, IT WAS DECLARED THAT THIS \$180,000 HAD BEEN PAID FOR THE RAILWAY FROM NORTON TO CHIPMAN. These statements were MADE ALTHOUGH MR. PUGSEY HAD PARTICIPATED IN THE NEGOTIATIONS WITH MR. EVANS BY WHICH THE AMOUNT, ABOUT \$38,000 WAS ABANDONED, and we cannot conceive how such a fact could have been forgotten by Mr. Pugsey.

\$38,000 Misappropriated.

I ask you if any more serious accusation could be made against any public man than that he has misappropriated money. It charges misappropriation of money, it charges that the Minister of Public Works participated in the negotiations in which he made the full KNOWLEDGE OF THE FACTS; and although the Commission does not say that the misleading statement was made by Mr. Pugsey, it does PROVE FROM THE RECORD THAT IT WAS. Let me say that, from my reading of the evidence, if the Commission has erred at all in this case, it was IN FAVOR OF THE MINISTER OF PUBLIC WORKS. There are many matters in that report upon which they could have framed a stronger indictment. The Commission has having made that statement, but I shall show that HE DID MAKE IT, AND MADE IT TWICE. Not only did he do that, but, as a member of the Government, he allowed to be placed on file a statement prepared by Mr. Sharpe, under instructions, IN WHICH THAT FALSE ALLEGATION APPEARED. I have already read the evidence of Mr. Pugsey himself in which he said that he gave the data and papers to Mr. Sharpe, and I can give a further quotation in which he admits that HE HIMSELF INSTRUCTED MR. SHARPE with regard to the preparation of that statement. Furthermore in an order in council, DRAWN UP BY THE MINISTER OF PUBLIC WORKS, when he was Attorney General of New Brunswick, I find THAT FALSE AND FRAUDULENT STATEMENT, and of course it was made with his knowledge. Can there be any more serious charge presented against any public man? It is completely confirmed by the evidence.

Evans Got The Option.

Mr. Evans had been manager of the Central Railway from Norton to Chipman a number of years. The stock in that railway was held by Clarke & Company and Drexel & Company, bankers of Philadelphia. They held 6,955 shares of the total capital stock and in addition \$545,000 worth of bonds. The road was losing money very rapidly and in the spring of 1900 Mr. Evans was asked to take over the operation. Mr. Evans, who had been managing the road for them, obtained an option from Clarke & Company and Drexel & Company for the whole road, 45 miles, rolling stock, franchise, &c., and in addition another railway known as the St. Martins and Upland Railway, for \$50,000. The New Brunswick Coal and Railway Company was shortly after organized. Whether it was organized in connection with this scheme is not made clear, but there is much in the evidence to justify the conclusion that this fact was known at the time of the incorporation of that company and that it was part of the scheme.

Cost Company Bought From Evans.

However, after a time the New Brunswick company obtained from Mr. Evans, who had this option for \$50,000, an option on the Central line for \$180,000. That option was obtained on the 28th of August, 1901, and it provided for the payment by the New Brunswick company of \$180,000 in the following manner: \$15,000 in one month from date, which would be due on the 1st of October; \$15,000 in five months from date; \$15,000 in 12 months from date; and \$15,000 in 15 months from date, and \$120,000 in 15 months from date. That was the agreement.

Q. Did you give a receipt for \$15,000?—A. I don't know, sometimes a receipt was given and sometimes not. If I gave a receipt it was for \$12,500.

Q. I see also there is an entry of an amount you had received, another \$15,000, that is stated in an order in council. Is that correct, second payment?—A. The second payment was \$5,000.

Q. You find these books to be correct?—A. I do not know.

Q. The second payment of \$15,000 would be due under the terms of the option. It was not paid to you at that time?—A. No.

Q. The order in council stated that he had been paid \$15,000.

Q. I see that by the records you are credited by Mr. Shadobit, who was acting for the Royal Trust Company, acting as agent for Drexel & Company, with a payment of \$55,800. I think?—A. The option was for \$50,000. I borrowed \$5,000 from them. I used the money and borrowed from them.

Q. Do you remember that that \$55,800 was paid by you to the Royal Trust Company for Clarke & Drexel?—A. Yes.

Q. And some interest?—A. Yes, I think it was \$800.

Q. Paid in settlement of the option you held from Clarke and Company and Drexel and Company?—A. Yes.

Q. You then received from them on that payment, from the Royal Trust Company, the stock that you had the option for, and the bonds you had the option for in connection with the Central Railway?—A. I presume they were turned over to the New Brunswick Coal and Railway Company.

Total \$139,319.06.

Then at page 574:

Q. How much cash did you get from the Coal and Railway Company in connection with the sale to them of the Central Railway Company?—A. \$74,769.06 and \$3,750 and \$5,000.

Q. Altogether the cash received by you from the Coal and Railway Company was \$83,519.06?—A. Yes.

Q. In connection with the sale to the company of the Central Railway Company?—A. To the New Brunswick Coal and Railway Company, yes.

Q. You told me that, in addition to that, there was an amount that was paid to Mr. Clarke and Company and Drexel & Company, in satisfaction of your option of \$55,000?—A. Yes.

Q. That made a total of cash?—A. \$139,319.06.

Q. That is correct?—A. Yes.

Q. That is the statement of Mr. Evans that the total sum paid to him under the agreement with the Coal and Railway Company was \$139,319.06, and that statement was never controverted by any witness who was examined before the commission, and indeed, it was known to Hon. Mr. Pugsey himself, as I will show by quoting from Mr. Pugsey's own evidence.

Other Small Items.

Q. In addition to that, did you either, as cash or in any other consideration receive from the company anything on account of the sale?—A. Yes.

Q. What are the two items and dates (refers to books)?—A. June, 1904, \$1,089.57.

Q. That was an amount incurred as a liability to the Intercolonial Railway when you left?—A. Yes.

Q. One amount is Intercolonial Railway, \$1,089.57.

Q. What is the other amount?—A. Vouchers, \$1,570.85 in June, 1904.

Q. Explain this item, Intercolonial Railway?—A. It was a matter of indebtedness to the Intercolonial Railway, a matter of the Central Railway Company under the option due the Intercolonial Railway.

Q. That under the option you should have paid?—A. Yes.

Q. Now, then, this \$1,570.85 is vouchers, explain that?—A. There were sundry accounts.

Q. Incurred which had not been paid?—A. Yes.

Q. Which you, under the option, should have paid?—A. Yes.

Q. These two items you should have paid, amounting to \$2,660.42?—A. Yes.

Q. So that, adding these two items?—A. Yes.

Q. One of which was not paid for, Mr. Speaker.

Q. The Coal and Railway Company has paid these two items, the total amount you have received in cash and otherwise from the company in connection with the sale of the Central Railway is \$141,979.52?

A. Yes.

Amounts Paid Evans.

Q. Are you able to give us the moneys you actually received from the New Brunswick Coal and Railway Company?—A. I can, using the books.

Q. With the aid of the books, can you give me the moneys you actually received from the New Brunswick Coal and Railway Company?—A. Yes.

Q. And the dates at which they were received?—A. I talk for granted that the dates are the dates they were received.

Q. You can, from this book, tell us the moneys you got from the New Brunswick Coal and Railway Company?—A. Yes, up to that time.

Q. Call out the moneys you actually did receive. (Witness refers to book and gives the following figures):

| | |
|-----------------|-------------|
| October, 1901 | \$12,500.00 |
| February, 1902 | 9,500.00 |
| July, 1902 | 5,000.00 |
| September, 1902 | 5,000.00 |
| October, 1902 | 5,750.00 |
| December, 1902 | 3,000.00 |
| January, 1903 | 2,000.00 |
| February, 1903 | 3,750.00 |
| March, 1903 | 3,500.00 |
| April, 1903 | 3,000.00 |
| June, 1904 | 22,284.86 |
| Total | \$74,769.06 |

Q. Since that date, have you received anything since June, 1904?—A. There was \$3,750 and \$5,000. I am not getting that out of the book.

Mr. Macdougall. Have you the dates for that?—A. No, I am just giving that out of memory.

How It Was Made Up.

Mr. Powell. That makes a total of \$83,519.06. Take the first amount, \$12,500. I see a statement in the report in an order in council that, at that time, what about that?—A. I only received that amount.

Q. Did the cheque drawn for \$15,000 come to you, do you know?—A. No, I don't know whether it was a cheque or in cash. But if it was a cheque it would be for that amount, \$12,500.

Q. At any rate that is all you got?—A. Yes.

WHO GETS THIS \$38,000 RAKE-OFF

BUT THE UPSHOT OF THE WHOLE THING WAS THAT, AFTER A NUMBER OF PAYMENTS HAD BEEN MADE, THIS AMOUNT OF \$38,000 WAS ABANDONED. Mr. Evans as stated in the report, did not get \$80,000 at all, or within \$38,000 of that sum. I will quote from the evidence, so that there will be no mistake:

Testimony of Evans.

"In addition to that the company was to assume the management of the road and operate it, and as soon as the other fifteen miles was completed and in running order?"

A. Yes.

Q. They had to bear all the expense of maintenance of way while they were so operating?

A. Yes.

Q. I find no provision in that you had to make any expenditures on the road, and Mr. Elkins, capital expenditures?

A. That is correct, THERE WAS NOTHING IN THE AGREEMENT.

Q. That is the only agreement you had, including all the terms of the agreement between you?

A. I want to say, that there was an understanding that I should put the road in shape, between me and the company, there was a sum mentioned, I think, but it was a moral obligation on my part to put the road in as good shape as I could.

Q. There was a sum mentioned between you and the Coal and Railway Company, which would be the amount of expenditure you were to make on the road?

A. Yes.

Q. Do you remember what the amount was?

A. I think it was about \$50,000.

Q. That was not in writing?

A. No, it was an understanding I had.

Q. A loose understanding, not put in writing?

A. Yes.

Q. Up to this time a considerable portion of this \$50,000 had been expended in August, 1901?

A. That \$50,000 was to extend over and include the indebtedness to the road; I had to assume the indebtedness existing on the road when Clarke & Co. gave us their option."

Transfer To The Company.

So that, perhaps, I should correct the statement. The understanding was that the indebtedness to the road, as I stated, but seems to have been collateral with the original agreement that Evans and Elkins should make these expenditures on the road, although it was not put in writing. Then, at page 368:

"Q. You paid the expenses on the road after you had given the option to the New Brunswick Coal and Railway Company?"

A. Yes.

Q. From recollection can you say what the amount of those expenditures were?

A. The total expenditures up to the time the New Brunswick Coal and Railway Company took it over was somewhere about \$77,000."

Q. The New Brunswick Coal and Railway Company took it over the 1st of August, 1902, I think?

A. And on the same page:

"And on the same page, it was financed by myself personally, by Mr. Elkins personally, and by the two of us jointly and by moneys we received from the New Brunswick Coal and Railway Company from time to time."

Then, at the following page, which appears here as 520, not 520, apparently a typewriting error:

"Q. Are you able to give us the moneys you actually received from the New Brunswick Coal and Railway Company?—A. I can, using the books.

Q. With the aid of the books, can you give me the moneys you actually received from the New Brunswick Coal and Railway Company?—A. Yes.

Q. And the dates at which they were received?—A. I talk for granted that the dates are the dates they were received.

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| Total | \$74,769.06 |

Q. The last payment you received was in June, 1904?

A. Yes, according to the book.

Q. Yes, he was asked this:—

Q. "You say you had negotiations with Mr. Pugsey and others, did you ever ask for the balance of this sale of the Central Railway?—\$38,000?—You knew you were to get \$180,000?"

A. Yes.

Q. You knew that amount was voted by the Legislature of the province?

A. Yes.

Q. You understood that \$180,000 was charged as having actually been paid to you and Mr. Elkins?

A. Notwithstanding all that, THAT YOU SAY, ALL YOU EVER GOT WAS THIS \$140,000, ODD?"

A. Yes.

Q. All you ever got?

A. Yes.

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A. Yes.

Q. You knew that amount was voted by the Legislature of the province?

A. Yes.

Q. You understood that \$180,000 was charged as having actually been paid to you and Mr. Elkins?

A. Notwithstanding all that, THAT YOU SAY, ALL YOU EVER GOT WAS THIS \$140,000, ODD?"

A. Yes.

Q. All you ever got?

A. Yes.

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Q. According to the contract, \$15,000 in two months, \$15,000 again, \$30,000 and \$15,000, none of these were made on time. I could have cancelled the agreement if I had wished, under the agreement because the agreement was never carried out.

Q. You were worried and simply threw it up?

A. Yes.

Q. Threw it up, without being paid any more than \$140,000?

Q. Have you any idea who got the balance?

A. Not the slightest.

Q. You knew the province had paid it?

I wish to call the attention of the House to that evidence in view of the statement made by the Minister of Public Works in answer to a question which I put to him that the DEDUCTIONS FROM THIS AMOUNT WERE MADE BY ARRANGEMENT BETWEEN MR. EVANS AND MR. ALLEN. The minister stated that distinctly. There is Mr. Evans' evidence. When he is asked:—

Evidence Contradicts Minister.

"HAVE YOU ANY IDEA WHO GOT THE BALANCE?"

He says:—

NOT THE SLIGHTEST

Q. Have you any idea who got the balance between the \$12,500 and \$15,000?

A. No.

Q. No information?

A. No.

Q. No belief about it? (Objected, Mr. Carvell).

A. I CAN'T SAY WHAT I DON'T ACTUALLY KNOW.

Q. You have no information about the matter?

A. No.

Q. Neither you or Mr. Elkins got it, you are positive about that?

A. Yes, I am positive, I don't think Mr. Elkins did, for I would have known if he did.

Q. At the bottom of the page the chairman asks:—

Q. Can you, from the figures given us just how much you did receive out of that \$180,000, was there an understanding with somebody as to what you did receive and that there was a balance, or does it still stand in that way?

A. I UNDERSTAND THE MATTER IS CLOSED, I WOULD BE PERFECTLY WILLING TO RECEIVE IT.

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Q. The matter was discussed with two or three parties.

Q. Who were they?

A. I think Mr. Allen, Mr. Trueman, and Mr. Pugsey was another.

Q. Disputed with Pugsey himself.

The chairman:—You afterwards gave them to understand that the thing was closed, you did not expect any more?

A. Yes.

I think, Mr. Speaker, that that evidence is pretty conclusive upon the question as to the amount that was actually paid for the Central Railway. The evidence was not disputed by anybody. There was no pretence made by the Minister of Public Works, or by any witness who was examined before the commission, that the thing was closed, you did not expect any more?

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Q. Threw it up, without being paid any more than \$140,000?

Q. Have you any idea who got the balance?

A. Not the slightest.

Q. You knew the province had paid it?

I wish to call the attention of the House to that evidence in view of the statement made by the Minister of Public Works in answer to a question which I put to him that the DEDUCTIONS FROM THIS AMOUNT WERE MADE BY ARRANGEMENT BETWEEN MR. EVANS AND MR. ALLEN. The minister stated that distinctly. There is Mr. Evans' evidence. When he is asked:—

Evidence Contradicts Minister.

"HAVE YOU ANY IDEA WHO GOT THE BALANCE?"

He says:—

NOT THE SLIGHTEST

Q. Have you any idea who got the balance between the \$12,500 and \$15,000?

A. No.

Q. No information?

A. No.

Q. No belief about it? (Objected, Mr. Carvell).

A. I CAN'T SAY WHAT I DON'T ACTUALLY KNOW.

Q. You have no information about the matter?

A. No.

Q. Neither you or Mr. Elkins got it, you are positive about that?

A. Yes, I am positive, I don't think Mr. Elkins did, for I would have known if he did.

Q. At the bottom of the page the chairman asks:—

Q. Can you, from the figures given us just how much you did receive out of that \$180,000, was there an understanding with somebody as to what you did receive and that there was a balance, or does it still stand in that way?

A. I UNDERSTAND THE MATTER IS CLOSED, I WOULD BE PERFECTLY WILLING TO RECEIVE IT.

Page 594:

Q. The matter was discussed with two or three parties.

Q. Who were they?

A. I think Mr. Allen, Mr. Trueman, and Mr. Pugsey was another.

Q. Disputed with Pugsey himself.

The chairman:—You afterwards gave them to understand that the thing was closed, you did not expect any more?

A. Yes.

I think, Mr. Speaker, that that evidence is pretty conclusive upon the question as to the amount that was actually paid for the Central Railway. The evidence was not disputed by anybody. There was no pretence made by the Minister of Public Works, or by any witness who was examined before the commission, that the thing was closed, you did not expect any more?

A. Yes.

Q. According to the contract, \$15,000 in two months, \$15,000 again, \$30,000 and \$15,000, none of these were made on time. I could have cancelled the agreement if I had wished, under the agreement because the agreement was never carried out.

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