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WEATHER—SHOWERS

PRICE TWO CENTS

ENTENTE'S SMASHING BLOW OF PAST TWO DAYS MOST DISASTROUS TO HUNS SINCE BIG DRIVE BEGAN

ARNILL AFFIDAVIT TISSUE OF LIES, DECLARE CONTRACTORS MERRITHEW AND SMITH

Veniot's "Bombshell" Launched at Grit Meeting in Woodstock Proved a Bubble Which is Promptly Pricked by Messrs. Smith and Merrithew—Premier Clarke Knew Absolutely Nothing of Payments to James H. Crocket.

EVERY STATEMENT IN CHARGE FALSE—NO PAYMENT TO PARTY FRIENDS—HOLD BACK MATTER BETWEEN SMITH-MERRITHEW FIRM AND HIBBARD CO. OVER WHICH GOVERNMENT HAD NO CONTROL—HOLD BACK PAID BY CHEQUE NO. 257 OF ST. JOHN AND QUEBEC RAILWAY COMPANY.

A complete and satisfying refutation of the "affidavit" of R. J. Arnill, published as another opposition "bombshell" under flaring headlines in the Telegraph of yesterday morning has been furnished under oath by Messrs Luther B. Smith and E. Lorne Merrithew of the railway contracting firm of Smith & Merrithew of which Mr. Arnill was once a member.

The affidavits which are published herewith establish beyond question that the allegations featured by the Telegraph and contained in Mr. Arnill's sworn declaration are without foundation.

The Standard also reproduces this morning from the Fredericton Gleaner Mr. Crocket's version of the transactions alleged by Mr. Arnill. The affidavits and Mr. Crocket's statement are worthy of careful perusal. Then the people of the province can judge who tells the truth. The affidavits follow:

Fredericton, N. B., Sept. 15.—Province of New Brunswick, County of York.

I, E. Lorne Merrithew, of the city of Fredericton, in the County of York, contractor, do solemnly declare:

1. That I was a member of the firm of Smith & Merrithew, contractors, which firm had a contract under the Hibbard Company, Limited, for the construction of a portion of the St. John and Quebec Railway north of Fredericton, during the years 1912 and 1913, the other members of the firm being Luther B. Smith and Robert J. Arnill. Subsequently this firm was dissolved and a company incorporated under the New Brunswick Joint Stock Companies Act including as members of the said company Mr. Smith and myself, but of which the said Mr. Arnill was not a member or stockholder.

2. That I have carefully read the solemn declaration of the said Robert J. Arnill as published under date of Sept. 15th inst. in the columns of "The Daily Telegraph," a newspaper printed in the city of St. John, in this province.

3. That I have a personal and intimate knowledge of the transactions referred to in the said declaration; that it is true as stated in the said declaration that the said firm of Smith & Merrithew during the time of Mr. Arnill's association as a partner undertook and completed a contract for the construction of nine and one-half miles of the line of the St. John and Quebec Railway, but the said contract was a contract with the Hibbard Co., Ltd., a sub-contractor under the St. John and Quebec Railway Co.

4. That under the terms of the said contract the Hibbard Co., Ltd. was entitled to hold back ten per cent. of the value of the work until completion and in accordance with said terms when the work was finished the hold-back amounted to \$16,590.70 and not \$25,000 as stated in the said declaration, that our work was completed in advance of that of some of the other sub-contractors and on completion we applied to the Hibbard Co. for the payment of the amount of the hold-back, but it was withheld, the reason given to us being that the amount would not be paid until all the work then under construction was finished and the claims of the other contractors adjusted.

In our negotiations for payment we frequently applied to the Hibbard Co. and also to the St. John and Quebec Railway Co. for payment without success.

NEVER DISCUSSED WITH GOVERNMENT OR PARTY LEADERS.

ON ANY OCCASION WHEN ANY REQUEST WAS MADE TO ANY MEMBER OF THE GOVERNMENT FOR PAYMENT WE WERE DISTINCTLY TOLD THAT IT WAS ENTIRELY A MATTER BETWEEN US AND HIBBARD CO. AND ONE OVER WHICH THEY HAD NO CONTROL, AND MR. ARNILL IN HIS DECLARATION STATES WHAT IS ABSOLUTELY UNTRUE WHEN HE SAYS THAT "ON MANY OCCASIONS WE DISCUSSED THE SITUATION WITH THE GOVERNMENT PARTY LEADERS AND WITH MEMBERS OF THE GOVERNMENT AND FINALLY WE STATED THAT WE WERE WILLING TO MAKE A CONTRIBUTION OF \$2,500 TO THE PARTY FUNDS IF WE WERE PAID THE MONEY WHICH WAS DUE US." NO SUCH DISCUSSION EVER TOOK PLACE WITH THE GOVERNMENT OR ANY MEMBER OF THE GOVERNMENT, AND NO SUCH CONTRIBUTION OF \$2,500 OR ANY AMOUNT WAS MADE TO PARTY FUNDS.

5. That it is not true as stated in the fourth paragraph of the said declaration that Mr. James H. Crocket, the managing director of the Gleaner, Limited, informed us that he could help us to get our money, but as a matter of fact I, myself, knowing Mr. Crocket's friendly relations with the manager of the Hibbard Co., approached him and asked him if he would assist us, and he told me that he would talk with the manager about the matter. It is not true as stated by Mr. Arnill that Mr. Crocket asked us how much we were prepared to pay if we got our money, neither is it true that we told him that we would give him \$2,500 for his services in the matter. Neither is it true, as stated, that Mr. Crocket reported to us from time to time what steps he was taking to get our money from the government for our conversation with Mr. Crocket related only to negotiations with the Hibbard Co. and no references were made at any time to the government.

HOLD-BACK WAS PAID BY ST. JOHN AND QUEBEC RAILWAY.

6. That it is not true as stated in the 6th paragraph of the said declaration that on the 4th day of November, 1915, the amount of our hold-back on our contract was paid to us by the government of New Brunswick. As a matter of fact the amount of the hold-back (being \$16,590.70, and not an amount in excess of \$25,000 as falsely stated by Mr. Arnill in his said declaration) was not paid to us by the government, but by cheque No. 257 of the Saint John and Quebec Railway Company, signed by Irving R. Todd, president, and John D. Palmer, treasurer of the said company, setting forth that the amount was the balance of ten per cent. hold-back due by the Hibbard Company to Smith & Merrithew, the said cheque being dated the 23rd day of October, 1915.

7. THAT THE STATEMENT MADE BY MR. ARNILL IN PARAGRAPH SEVEN OF HIS DECLARATION AS TO THE PAYMENT OF THE SUM OF \$2,500 IS NOT TRUE. THE AMOUNT OF THE HOLD-BACK AS RECEIVED WAS DISTRIBUTED IN PARTNERSHIP PROPORTION TO THE INDIVIDUAL MEMBERS OF THE FIRM, AND I DISPOSED OF MY SHARE WITHOUT ANY DIRECTION OR INSTRUCTIONS FROM ANY PERSON WHOMSOEVER, AND SO FAR AS I KNOW THE OTHER MEMBERS OF THE FIRM DID THE SAME. AND IN SO FAR AS MY NAME IS CONNECTED WITH ANY COMMUNICATION WITH PREMIER CLARKE IN THE MATTER, AND IN SO FAR AS I

(Continued on page 2)

Three Towns, Two Woods and Possession of Nearly All High Ground Between Combles and the Pozieres-Bapaume Wood Fall to the British who Now Command Approaches to the Latter Position --- French Gain in Thrust, Capture Trenches North of Lepriez Farm.

GAIN OF TWO MILES FOR THE BRITISH AT ONE POINT

NEW 305's PLAYING BIG PART IN NEW ITALIAN DRIVE TOWARDS TRIESTE

Aim is Deadly Owing to New Invention for Long-Distance Range Finding which Makes Observation Possible Despite Rain.

Rome, Sept. 15.—A feature of the new offensive started on the Isonzo front with Trieste its objective is the effectiveness of the new Italian artillery. One hundred new 305 millimetre guns are being employed, the aim of which is deadly, due to an invention for long-distance range finding by which observation is possible despite rain.

The new offensive, which has been

going on for four days from Gorizia to the Adriatic, is still in its first stages, with the Austrians re-trenching and blocking the way to Trieste along the line of Hermada-Selo-Novelo.

In various cities in Italy tonight there were scenes of rejoicing, the crowds marching through the streets singing. The tone of the Italian press is hopeful.

BULGARS GIVE UP THE TOWN OF KASTORIA

British Naval Aircraft Raid Bulgarian Lines of Communication Beyond Kavala.

London, Sept. 16.—British naval aircraft raided railways and troop concentrations within the Bulgarian lines of communication beyond Kavala between August 25 and August 31, according to a report issued by the admiralty tonight. Considerable damage, the report states, was done to the railways, rolling stock, petrol and other depots and troop concentrations at Berk, Drama, Kijlar, Kavala, Porna and Angista.

Kastoria Evacuated by Bulgars.

Athens, Sept. 14, via London, Sept. 15.—The Bulgarians have given up the town of Kastoria, southwest of Florida.

Admit Allies' Success.

Berlin, Sept. 15, via London, 445 p. m.—Successful operations by the Teutonic Allies on the Russian and Roumanian fronts are recorded in today's official announcement.

CASUALTY LIST

Ottawa, Sept. 15.—

Infantry.
Wounded—Donald M. Stewart, Pinette, P. E. I.

Artillery.
Died of wounds—Sergt. Major John Hugh McKay, 17 Pleasant street, Charlottetown, P. E. I.

Dangerously ill—Gunner George P. Laidlaw, Halifax, N. S.

Wounded—Arthur E. Stone, 18 Albert street, Moncton, N. B.

Infantry.
Wounded—Medley L. Flett, Derby Jct., N. B.

Died of wounds—Thomas Harris, Wilmet, N. S.

ITALIANS BAG 2,117 PRISONERS

In Torrential Rains Storm Enemy Positions on Lower Isonzo Capturing Several Lines of Trenches.

Rome, Sept. 15, via London.—The Italian war office statement today says:

"On the Lower Isonzo yesterday our heavy artillery and heavy trench mortar batteries kept up an intense fire against the enemy's lines east of Gorizia and on the Carso. While torrential rains were falling in the afternoon, we stormed positions east of Vallone, talking some lines of entrenchments. We captured 2,117 prisoners, including seventy-one officers, and some machine guns and trench mortars yesterday.

"One of our aeroplane squadrons in aerial fights succeeded in bringing down two enemy seaplanes of Panzano."

CHARLOTTETOWN HORSES WIN HONORS AT HALIFAX

Halifax, Sept. 15.—Straight heats were the order of the day in the speed contests at the exhibition track this afternoon. Devilish Dorothy, (Charlottetown), won the 2.19 trot, and Brenton H., from the same place, won the 2.30 trot stake.

P. E. I. SOLDIER IS KILLED IN ACTION.

Charlottetown, Sept. 15.—Sergt. Major John McKay, aged 26, of Charlottetown, is reported killed in action. He was with the 98th Siege Battery and is the second man of that battery to fall. He came from Edmonton to enlist here and was an exceptionally fine type of physical manhood and one of the picked men who went with the island contingent to the King's coronation.

Enemy Swept from Position After Position by Terrible Onslaught of Gen. Haig's Men on the Somme—Notable Gains for Armies of the Allies in Other War Theatres.

London, Sept. 15.—The despatch, dated at the British front in France, says:

"Today our troops, in a great assault have broken through the enemy's third line of defense. It is reported that Fleers is in our hands, and that our infantry is advancing further in the direction of Morval (about two miles east of Ginchy.)

"On our left we are at the moment in the outskirts of Martinpuich, and to the right we have moved forward along the whole line, encircling High Wood and occupying the main part of Bouleaux Wood.

"Our men are filled with the spirit of victory, and in several parts of the line the enemy is fleeing back to the next line of defenses.

"Prisoners are coming in fast. About 500 are already in cages, and others are being brought down from the battlefield."

Smashing the German line on a front of six miles north of the Somme in France, the British forces have made probably the most noticeable advance since the Anglo-French offensive began July 1.

Three towns, two woods and the possession of nearly all the high ground between Combles and the Pozieres-Bapaume road fell to the British. Not only did the Germans lose these positions, but the British drive imperils the Combles and Thiepval positions, at either end of the British front. The gaining of the high ground north of Combles gives the British command of the approaches to Bapaume.

Gain of Two Miles.

The advance on the northern end of the front was for a distance of two miles. Courcellette, east of Thiepval and north of the Pozieres-Bapaume road, and Martinpuich, south of the road, fell into the hands of General Haig's men. Further south they took Fleers and the High Wood, making secure their possession of Ginchy. The Bouleaux Wood, north of Combles, also was lost to the Germans. The Germans, under Crown Prince Rupprecht, of Bavaria, fought stubbornly to hold their ground, London says, and the fighting was severe all along the line. More than 2,300 prisoners were taken by the British.

Aiding the British in the encirclement of Combles, the French troops have taken additional trenches north of Lepriez Farm. South of the river three German trenches near Berny-en-Santerre were taken by the French, who also captured 200 prisoners.

Berlin claims the repulse of British attacks southeast of Thiepval and of French efforts between Rancourt and the Somme.

Berlin Admits Loss of Lepriez Farm.

The official statement admits the loss of Lepriez Farm, west of Rancourt.

In Northern Macedonia the British, French and Serbian armies have gained additional successes, breaking down the Bulgarian defense in the center and on the left wing. French troops took Bulgarian positions a half mile deep on a front of one mile. West of Lake Ostrovo the Serbians captured Malkandze. The British attacked west of the Vardar, and also gained ground.

Unofficially it is reported the Bulgarians retreated twelve miles in front of the Entente rush, and Athens

reports the abandonment of Kastoria by the Bulgarians. Berlin says Entente attack in the Moglenica sector and east of the Vardar were repulsed.

New Italian Drive.

The Italians have begun a new drive toward Trieste. Lines of Austrian entrenchments east of the Vallone have been taken. Rome reports, together with more than 2,100 prisoners, Vienna, while admitting Italian successes on the Isonzo front, declares the first assault is looked upon as a failure.

In the Dobruja region of Roumania, Bucharest admits that the Russian and Roumanian troops are retiring northward before the advance of the forces of the Central Powers. Violent fighting is in progress in this region. In Transylvania, however, the Roumanian forces are continuing their progress, and have reached the Aluto river, northwest of Kronstadt.

There has been no change in the situation on the eastern front from the Carpathians to Riga.

LORD BROOKE IS WOUNDED

Has Been in Command of 4th Canadian Infantry Brigade—In Charge of Manoeuvres in Canada in 1914.

London, Sept. 16.—Brigadier-General Lord Brooke has been wounded in France.

Lord Brooke is the eldest son of the fifth Earl of Warwick, and has lately been in command of the Fourth Infantry Brigade of the Canadian expeditionary forces. He commanded the manoeuvres in Canada in 1914, and was aide de camp to the commander-in-chief in command of the British army in France in 1914 and 1915.