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G. OERTLY

The above-named party is a manufacturer's agent in the City of Toronto. He is the Canadian agent for Edwin Naef, Incorporated, of Zurich, Switzerland, and imports from that company large quantities of silks. Mr. Oertly takes orders from various firms in Toronto and Montreal and transmits these orders to his principals in Switzerland who ship the goods to Canada, the bills of lading and invoices for clearing through customs being sent to Mr. Oertly. The invoices are made out to the company buying the goods but the prices shown as the selling prices to purchasers in Canada and the fair market value for home consumption in Switzerland at the time of shipment vary very greatly from the selling prices which the purchasers subsequently pay for the goods.

The goods are cleared through customs in the names of the various purchasers whose powers of attorney Mr. Oertly holds but such invoices are not forwarded to the firms to whom they are addressed. Instead Mr. Oertly makes out separate invoices on his own billhead at much higher prices. As an illustration, goods were invoiced and passed customs at a value of $729,00 and were then billed to the purchasing firm at $1151.48. Mr. Oertly informed our auditors that he did not know the provisions of section 43, sub-section 2 of the Customs Act which reads as follows:—

> "In the case of goods shipped to Canada on consignment, but sold by the exporter to persons in Canada prior to their importation into Canada, the amount of the valuation for duty shall not be less than the invoice value to Canadian purchaser, exclusive of all charges upon the goods, after shipment from the place whence exported directly into Canada."

As the importations made in this way appear to have been very extensive and as there appears to be a considerable loss to the revenue in consequence, we recommend as follows:—