

Mr. NOBLE: Was he ignorant of the fact that this was not taken into Canadian registry?

Mr. HENDERSON: I believe, according to the department, he did not realize it would be subject to customs charges and he was placed in a difficult spot, having to pay those charges. As you know, all customs duties are payable in cash.

Mr. NOBLE: My other question is, was this fine sizeable? Was it \$50,000?

Mr. HENDERSON: The law requires that it be the full duty, including the value of the vessel. The collector, if he does this, renders himself liable for the value of the goods plus the duty. That is how the \$50,000 was arrived at.

Mr. NOBLE: I would take it then, Mr. Chairman, that this amount of money was paid and then remitted? Is that the way the transaction took place?

Mr. HENDERSON: No, I understand the penalty was levied but before the collector was asked to pay, it was remitted. Am I not correct in that?

Mr. TARDIF: Was that ship built under Canadian subsidy?

Mr. HENDERSON: No, sir, I do not think so. It was an American built ship.

Mr. TARDIF: I was wondering whether he got it both ways.

Mr. BALDWIN: This practice does not happen very often in regard to income tax, does it?

Mr. HENDERSON: I do not have any cases along these lines.

Mr. FLEMMING: I would like to ask in what part of Canada did this take place?

Mr. HENDERSON: In the province of Newfoundland.

Mr. BALLARD: I assume from the wording here that the collector is an employee of the Department of National Revenue. Is that right?

Mr. HENDERSON: Yes. He is the collector at the port of entry.

Mr. BALLARD: Secondly, you say that the penalty includes the amount of unpaid customs plus, in this case, the value of the boat?

Mr. HENDERSON: That is right.

Mr. BALLARD: Can we assume, then, that this was a pleasure boat as opposed to a cargo boat?

Mr. HENDERSON: No, I think it was a vessel suitable for, or designed for, or intended to be used in the coastal trade up and down the Newfoundland coast.

Mr. BALLARD: As a passenger boat or a cargo boat?

Mr. HENDERSON: I suppose passengers and cargo and so forth going between the various outports.

Mr. THOMAS (*Middlesex West*): Mr. Chairman, this seems to be a very important matter and there is a great deal involved here. I would suggest that a small subcommittee of, shall we say three, be set up to study this matter. It is certain that if we take time to discuss it in the Committee of the whole, we are going to use up a great deal of time. I would suggest that a committee of Mr. Baldwin, Mr. Flemming and Mr. Bigg give this matter consideration. They have