

(6) Bearing these facts in mind, the statement of Senator McDougald to the Senate on the 19th of April, 1928—prior to his acquisition of the Sifton interests and prior to any agreement between the Sterling Company and the second Syndicate—was literally true and correct.

(7) In like manner, we strongly urge that the statement to the Senate by Senator McDougald on the 20th of May, 1931, was also true and correct. It was, in the first place, intended as a mere re-affirmation of the statement made by him on the 19th of April, 1928. In the second place, it was immaterial whether his interests in the Beauharnois project had been acquired on the 18th of May, 1928, or on the 2nd of October, 1928; there was no possible motive why he should have attempted to deceive the Senate as to these dates; he was speaking of a transaction which had occurred more than three years previously and it is grossly unfair to suggest that he was making any untrue or improper statements, in the speech made by him on the 20th of May, 1931.

(8) The contract covering the sale of the Sterling Company to the Beauharnois Power Syndicate was executed on the 18th of December, 1928. Mr. Henry has stated—and as to this there is no contradiction—that he regarded the 2,000 units, which the Sterling Company received, as having a value of approximately \$50,000, which in fact represented the value of the services rendered by him in this connection up to the date of the sale. (Record of proceedings page 100). The Order-in-Council, P.C. 422, was passed on the 8th of March, 1929. The transaction prior to this time was of a most speculative character. The contract of the 18th of December, 1928, was openly arrived at in a fair and proper manner and we submit cannot justify the slightest criticism of those directly or indirectly concerned with its execution. It was a plain and ordinary business transaction and has ever since so been regarded by all concerned.

(9) Throughout the proceedings before the Commons Committee, as well as throughout the proceedings before this Committee, the Sterling transaction has from time to time been referred to as a sale or transfer by the Sterling Company to the second, or Beauharnois Power Syndicate. As pointed out, however, by Mr. Swezey, (Record of proceedings, page 45), by Mr. Henry, (Record of proceedings, page 100), and by the Right Hon. Mr. Graham, (Record of proceedings, page 184), the transaction was rather in the nature of a merger or an exchange of securities between the Sterling Company and the Syndicate. As this was effected on the 18th of December, 1928, prior to the passing of the Order-in-Council, P.C. 422, on the 8th of March, 1929, prior to the incorporation of The Beauharnois Power Corporation, Limited, on the 17th September, 1929, and at a time when the entire project was in doubt it is, we submit, in no sense a transaction that is open to criticism.

(10) There is no evidence whatever in the record before the Commons Committee or in the record of the proceedings before this Honourable Committee showing that directly or indirectly Senator McDougald exercised any influence of any sort or kind in any of the transactions to which we have referred. He categorically denies this: (Record of proceedings, page 185.)

*By Right Hon. Mr. Graham:*

Q. Senator McDougald, did you on account of being a Senator or for the reason that you were a Senator, make a dollar that you would not have made if you had not been a Senator?

A. No, sir, not one single dollar. I never used what they call political influence in any way, shape or form, and never advanced anything regarding my position to anybody here at Ottawa or anywhere else.