

The Enquiry Conducted By T. Hollis Walker, K.C.

THURSDAY, Jan. 31.

Mr. Tasman (Cross-examined by Attorney General.)

Q—Now in your balance sheets of 1921 and 1922, do you say this sum appeared in them in any shape or form?

A—The \$20,000.00 would have appeared as suspense account.

Q—Did it appear as an asset or a liability, or both?

A—It would appear as what we term a "deferred charge."

Q—Does that mean that that is something not to be required into?

A—We generally make up our balance sheets and they go over them and certify them.

Q—Did they look into deferred charges?

A—Yes.

Q—You think the auditors would have looked into it?

A—Yes.

Q—Did they?

A—I presume they did. I have no recollection of their having made any particular remark upon it.

Q—In order to look into it they would want the Wabana books. Have they been there on either one of these audits?

A—No.

Q—In 1921 this sum would have been included amongst deferred sums?

A—The \$20,000.00.

Q—Why not the whole of it?

A—To the best of my knowledge we knew nothing about it, about the \$20,000.00 until later.

Q—But before October Mr. Gillis told us he certainly heard of it. Between April and October did he tell you anything about it?

A—My recollection is that there was no definite information regarding this thing till August or September 1922.

Q—Then in the 1922 Balance sheets, would it appear there?

A—I am afraid I cannot say.

Q—And I don't suppose you have any materials here that would help you look it up. Do you wish to ask any questions Mr. Jenks?

MR. JENKS—You spoke about the Consolidated Balance Sheet. That would not show any particulars?

A—No, there would be no particulars. Accounts receivable and accounts payable are shown as totals only.

Q—When you write off accounts, what do you do?

A—As a general thing the amount is credited to our accounts receivable and debited to the profit and loss account.

Q—Then it is all gone?

A—Yes.

Q—But you have an account there in which I understand there was \$40,000 charged to Miller and in your reserve account, put against that, a charge showing that as a bad or doubtful debt?

A—Yes.

Q—And if any amount had been paid, suppose you had sued the Bank

or Sir Richard Squires, where would the amount have been credited?

A—Credited to the J. J. Miller account.

Q—The audit of March 30th, 1921—

I understand there was one at that time, when the cheque was in.

COMMISSIONER—That was before the transfer. I do not think that Sydney dealt with this matter before the transfer. April 27th is the date of the transfer.

MR. JENKS—It appears that the \$40,000.00 was deposited in the Bank in March; that is the cheque for \$40,000.00, and when it was returned it was charged back?

COMMISSIONER—I thought that it had upon it the date of 2nd April?

MR. JENKS—The cheque was deposited to the Company's account.

COMMISSIONER—But not till April 2nd.

MR. JENKS—Oh yes.

COMMISSIONER—You mean the Daily Star cheque?

MR. JENKS—It was credited to the account in March, the Wabana account on March 29th, then it would be sent to St. John's he refused and sent back.

But in the meantime there was an audit as at the 31st of March, so that the balance would show correctly at that time, at the end of March. But it would not have shown at the end of April. At the audit, assuming there was one on the 31st March, it would appear as correct.

COMMISSIONER—Would the audit have shown this \$40,000.00 as an asset?

MR. JENKS—Certainly; it would because the cheque was not sent back then.

COMMISSIONER—A few days later the \$40,000.00 would have appeared on both sides; but the audit was held at such a time that the \$40,000.00 only appeared on one side?

MR. JENKS—That is what I mean. I think perhaps it is worth while checking that to see if I am right in my suggestion.

COMMISSIONER—We are told you could take \$50,000.00 out of the Bank without the auditors knowing it. I should not be surprised if you could put \$40,000.00 in without the auditors knowing it. I hope you have changed your system now.

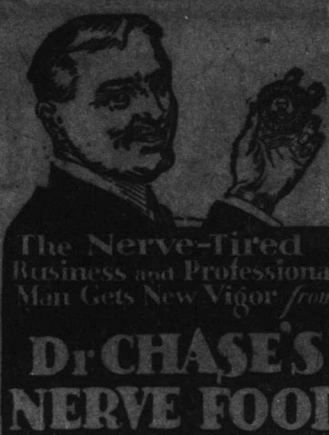
WITNESS—I think probably.

COMMISSIONER—You will just look through it won't you. Otherwise you will find great competition to enter your service.

MR. JENKS—I had March 1921. I can't find it now. This is April when you will find it charged back.

April 15th. It was credited on March 29th. Between those two dates the bank balance would appear correct.

COMMISSIONER—It would be more or less correct. It would be \$20,000.00 and the \$30,000.00. It would not be correct. It would be about \$30,000.00 because this sum of \$40,000.00 includes other things besides those



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which came out of the Dominion Co's account into Sir Richard Squires' Account. There would be something awkward to explain.

MR. LEWIS—Who was in charge of the Bank account at Wabana at the time the \$40,000.00 was deposited?

WITNESS—Mr. Miller.

COMMISSIONER—We know that Mr. LEWIS—We know it now.

COMMISSIONER—Is there anything else that you would like to hear that we have already heard several times?

MR. JENKS—You told us, Mr. Tasman, that from 1921 when you heard first about this matter, that nothing was done till 1922. There was an audit in 1922 by Mr. Green?

A—Yes.

Q—When was that?

A—Either August or September.

Q—A special audit?

A—Yes.

Q—Did that disclose the shortage?

A—Yes.

COMMISSIONER—That there was a special audit I see, but I do not quite follow the other portion of the question. Surely you knew of the shortage before that?

A—I think as far as our department was concerned we had no definite knowledge. We had of the \$30,000.00 but not of the other items.

Q—Had you not heard of any?

A—Personally, no.

Q—Had Mr. Merrill spoken to you about them?

A—Only the \$20,000.00.

MR. MEANEY—I wish to say that I desire to be recalled in connection with the statement made by Mr. Curtis with regard to these interviews with me.

COMMISSIONER—At the present moment I do not want to hear anything more about that, and I have hinted what I think about those interviews altogether. I do not think I want to burden myself with hearing anything more about it just at present.

MR. MEANEY—It left a wrong impression with regard to my wanting an abandonment of this Enquiry. That was untrue.

COMMISSIONER—He has said that you had expressed more than once that you would take your own medicine. I am satisfied that you did not discuss the abandonment of the Enquiry.

MR. HOWLEY—Will you entertain a short statement. I have served my learned friend the Attorney General with a notice that we desire the production of certain documents from Mrs. Harsant and Mr. Miller. I understand that the Attorney General does not feel that he has any authority to control that production. I would like those witnesses to produce the originals of these documents. The first, from Mrs. Harsant, is a letter from Sir Richard Squires to her, dated August 2nd or 3rd, 1920.

COMMISSIONER—Mr. Howley asks me to order Mrs. Harsant to produce . . .

MR. HOWLEY—A letter from Sir Richard Squires to her, dated August 2nd or 3rd, 1920. The second to ask Mr. James J. Miller to produce a letter from R. A. Squires to him dated January 11th, 1923.

COMMISSIONER—Any others?

MR. HOWLEY—These are the only two I think.

COMMISSIONER—I think you are entitled to have an order unless somebody has got any objections to make. If you have any forms made out I shall sign them before I leave the building.

MR. HOWLEY—I have not got them prepared just now.

COMMISSIONER—Mr. Miller is here. Mr. Miller I am asked to call upon you to produce if you have it, and to look for it if you have not, a letter from Sir Richard Squires to you, dated January 11th. Is it necessary for me to make any further order beyond that?

MR. HOWLEY—I would not think so, sir.

COMMISSIONER—Then if he does not produce the original, and you have copies in your possession, I shall allow you to give secondary evidence.

MR. HOWLEY—That is my object.

MR. MILLER—I have not got it, and I do not know where to find it.

COMMISSIONER—Have you searched amongst your papers?

A—Yes.

Q—Well try once more. Mrs. Harsant, in the same way you are asked to produce a letter from Sir Richard Squires to you dated August 2nd or 3rd, 1920. Have you looked for this letter?

MRS. HARSANT—No.

COMMISSIONER—Will you look for it and if you can find it bring it here on Monday morning. You do not know

whether you have it at the present moment?

MRS. HARSANT—I do not know.

MR. HOWLEY—Might I be permitted to say that this is the first notification that Mrs. Harsant has had of any request of this kind.

COMMISSIONER—Very well. We will resume on Monday morning at ten thirty.

EXAMINATION IN CHIEF OF SIR RICHARD SQUIRES.

MONDAY, Feb. 4. (Section II.)

MR. LEWIS—Sir Richard, will you please take the box.

COMMISSIONER—Sir Richard has already been sworn.

(Sir Richard Squires takes the witness box.)

MR. LEWIS—Sir Richard, up to the time that you arrived home from your trip abroad on the 6th of December, 1920, did you have any knowledge that \$40,000 or any portion of that sum had been received by Miss Miller?

A—No.

Q—When did you first learn of the \$40,000?

A—It was in the spring of 1921. As far as I can remember, about the middle of March.

Q—And from whom did you learn of that?

A—Miss Miller.

Q—Will you tell us what Miss Miller said to you on the subject?

A—Miss Miller told me she had secured accommodation from her brother Jim for the "Star" during my absence, and she said that—

Q—To the amount of?

A—About \$40,000. She said that she had given her brother vouchers in my name, per herself, for the amount of the "Star" advances.

Q—By vouchers you mean the cheques that have been produced?

A—Yes, the cheques, signed R. A. Squires, per J. G. Miller.

Q—What did you do on the receipt of the information?

A—I told her that she had no business to sign my name on vouchers for the Star accommodation in that way, and told her that she should have Star vouchers.

COMMISSIONER—You told her she ought to have got Star vouchers?

A—Yes.

Q—What sort of Star vouchers ought she to have got?

A—Such as would be necessary for her brother, Jim, to identify the payments.

Q—But I mean the Star vouchers which would not have been any good to anybody?

A—They would be good as evidence of receipt of the money.

Q—They would give anybody a chance of getting back the money?

A—The Star was not encumbered at the time.

MR. LEWIS—Well, anyway your thoughts may have been that a receipt or something of that kind should have been given rather than your cheques?

A—Yes.

Q—Will you tell us what happened as a result of the conversation?

A—Mr. Miller came to see me some days afterwards, bringing with him the cheques signed R. A. Squires, per J. G. Miller.

Q—Yes, go on.

A—I took a list of the cheques and their amounts. He gave me the cheques and I gave the cheques to Miss Miller, telling Miss Miller to type out a list of the cheques and amounts in order of date, which she did. The total amounted to something over \$40,000. I told Miss Miller to prepare Star vouchers for the transactions in place of the personal cheques, which she did. I took that cheque to Dr. Moedell, to put the Star stamp on it and sign it, as already deposited to I handed that cheque back to Miss Miller, with instructions that she should get it to her brother, Jim.

Q—That, I take it, is the cheque of \$40,000 which was produced and offered in evidence?

A—It is.

Q—You were abroad in October, 1920?

A—October, 1920. Yes, I was out of town.

COMMISSIONER—You were abroad from August to December, 1920?

A—Yes.

MR. LEWIS—You were also abroad in October, 1923, were you not?

COMMISSIONER—That is, last year? You were away some time last year?

A—Yes. But I was asked if it was in the month of October. Yes, I was abroad. In England part of the time, and in France during October, 1923.

MR. LEWIS—Did you receive a Paris message forwarded to you from London, apparently from Mr. Miller?

A—No.

Q—Did you at any time prior to your visit to Montreal in January, 1923, discuss with Miss Miller, Mr. Miller or Mr. Meaney the proposition of obtaining from "Besco" or its subsidiaries a payment of \$300,000.00 as a consideration for the elimination of

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A—I did.

Q—(Shows the message)—Is that the message which you received?

A—Yes. That is the message I received.

Q—Did you reply to that message?

A—No.

COMMISSIONER—Well, I shall see what it says. This is a telegram to R. A. Squires, London:

"I understand Meaney willing to consider your cheques and I. O. U's. personal loan if same paid amounting to \$20,000.00. If this is attended to, believe can show anything merit concerned was personal and outside any negotiations or communications between you and companies. When does Walker leave for St. John's. Reply Halifax Hotel."

MILLER."

I had better mark that. What is the next number, R. A. S. Mr. Parsons? How far did we go to in previous sections? The last one I have here is 16.

MR. PARSONS—Yes, R. A. S. 16.

COMMISSIONER—This is R. A. S. 17. (To witness)—Understand Meaney willing to consider your cheques and I.O.U's. personal loan."

Q—What do you think that means?

A—I took no notice of the message whatever, I did not answer it.

Q—It looks to me a funny message. "Meaney willing to consider your cheques and I.O.U's. personal loan." If you have any explanation to give of that, I should like to hear it.

MR. LEWIS—Have you any explanation to offer as to that?

A—I presume that Mr. Miller or Mr. Meaney wanted to enter into negotiations, but I was not prepared to do so.

COMMISSIONER—Negotiations which were based upon a willingness to consider loans as personal which were not personal. That is what it reads to me like, you know. Did it strike you that it was what it meant?

A—I treated the message, with contempt and did not answer it. I was not prepared to enter into negotiations.

MR. LEWIS—Sir Richard, did you at any time prior to your visit to Montreal in December, 1921, or January, 1922, discuss with Miss Miller, Mr. Miller or Mr. Meaney the proposition of obtaining from BESCO or its subsidiaries a payment of \$100,000.00 as a consideration for the elimination of certain clauses of the "Wolvin-Cooker" agreement?

A—No.

Q—In any manner?

A—No.

Q—At any time?

A—No.

COMMISSIONER—Do I understand you to say you never discussed it with anybody? You never discussed it with anybody?

A—No.

MR. LEWIS—Did you at Montreal or any time thereafter discuss such proposition either with Mr. Miller, Miss Miller or Mr. Meaney?

A—No.

COMMISSIONER—You never discussed it at any time or any place with anybody?

A—No.

MR. LEWIS—Did you ever authorize Mr. Miller or Mr. Meaney to go to Montreal on that occasion, either directly or indirectly?

A—No.

Q—You heard the testimony of Mr. Meaney that he was told by Mr. Miller that you desired him to go to Montreal with Mr. Miller at that time. Did you ever make any such suggestion to Mr. Miller?

A—No.

COMMISSIONER—You also heard the suggestion of Mr. Miller that you suggested Mr. Meaney would contend his daughter was sick at Montreal as an excuse?

A—No, I did not.

MR. LEWIS—Did you at any time suggest to Miss Miller, or Mr. Miller, that he or she arrange for Miller to go to Montreal at that time?

A—No.

Q—Did you ever at any time authorize Mr. Meaney or Mr. Miller to open up or carry on negotiations for the elimination of the clauses objectionable to the "Besco" in the "Wolvin-Cooker" agreement?

A—No.

Q—Did you at any time prior to your visit to Montreal in January, 1923, discuss with Miss Miller, Mr. Miller or Mr. Meaney the proposition of obtaining from "Besco" or its subsidiaries a payment of \$300,000.00 as a consideration for the elimination of

objectionable clauses?

A—No.

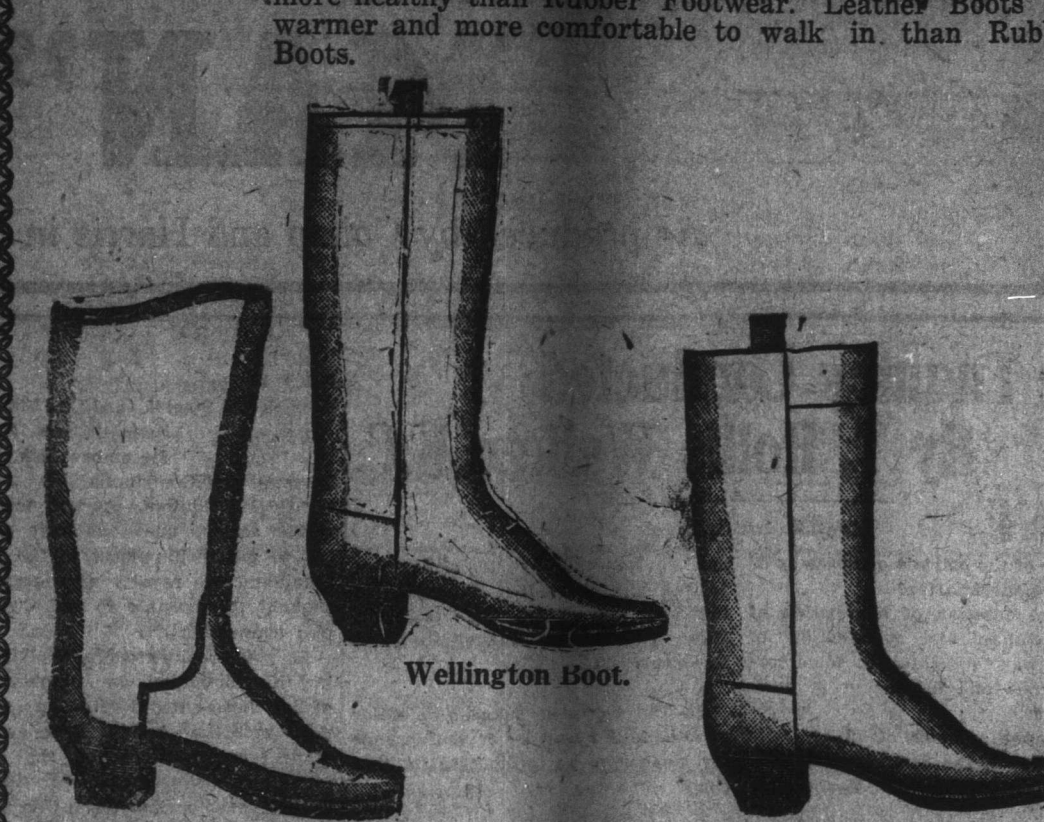
Q—Did you at Montreal or any time thereafter discuss such a proposition as that with Miller or Meaney?

A—No.

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