

Q. Right; now could you cite us another supplier of major military equipment to the Canadian government—I just want to use some comparable company as a basis of departure for certain questions I want to ask; what about the Canadian Car and Foundry Company, do they manufacture gun mounts?—A. No, not gun mounts. They have made sales to the Canadian and the United States governments.

Q. Or what about Vickers? Do they manufacture gun mounts?—A. I know of no other plant in Canada which either manufactures or sells similar products; there is no other plant to my knowledge.

Q. All right; you say Canadian Car and Foundry or Vickers would be making sales of heavy material from time to time to the Canadian government for defence purposes.—A. Yes.

Q. All right; what I am trying to find here—not being too conversant with your tendering practice or your contract practice— —A. There was no tendering here at all.

Q. No; this was a negotiated contract?—A. This was the only facility in Canada capable of doing this sort of work.

Q. In the initial stage your department enters into a discussion with Sorel Industries which is designed to lead to the production of gun mounts for the Canadian army?—A. For the navy in this case!

Q. Oh yes, for the navy; and at that point was there any thought in mind that the United States would also be taking any portion of this production?—A. The American order was definitely in contemplation at the time, but in actual fact the Canadian order happened to be placed first.

Q. Right; now the first document which goes into the evidence as I understand it is something which says it envisioned the production of some 40 gun mounts at a total cost of \$10 million. Is that correct?—A. No, that is not correct. I would not regard any of the earlier documents coming from the United States navy as being anything but a reflection of the money which they had set aside for this contract and as a rough estimate of what they thought this contract might require. It would not be any more of a meeting of the minds than that in the early stage.

Q. You did quote a little while ago from an agreement of some type which mentioned 40 guns and \$10 million.—A. Yes.

Q. What is the title of such agreement? What is its legal nature or standing?—A. I think that was a letter of intent. At this time production and getting things rolling was regarded perhaps as more important than having the paper work catch up with it; it was a letter of intent, knowing that ultimately a contract would be entered into.

Q. Right. So we then have—what was the date of that, approximately?—A. It was some time in 1950; October, 1950.

Q. So, in October 1950 we issued a letter of intent to Sorel?—A. No, in October 1950 the Canadian Commercial Corporation got a letter of intent from the department of the navy in the United States, and in November, 1950, the letter of intent was placed with Sorel Industries.

Q. In other words—this is interesting; you say the Canadian Commercial Corporation got a letter of intent from the department of the navy in the United States; what about the Canadian portion of this order?—A. Oh, I am sorry; I thought that you were referring to the American order.

On August 23rd, 1950 the Canadian Commercial Corporation sent a letter of intent to Sorel Industries, dealing with the same production for Canadian account.

Q. And that letter of intent from the Canadian Commercial Corporation to Sorel Industries was based upon a documentation from the Canadian authorities?—A. A contract demand from the Royal Canadian Navy, dated August 3, 1950.