

Report of T. Hollis Walker, K. C.

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formation, and at his suggestion the matter was transferred to the Sydney office, and on his own return to Sydney later he told Mr. Tasman the chief accountant and Mr. Merrill, the General Manager, that the \$20,000 represented some special expenses which had been incurred by Mr. Miller for which he had hinted that he had the authority of some of his superiors. He had mentioned the names of Mr. McInnes and Sir W. D. Reid, and that the matter ought to be investigated. This was the first intimation to reach the office at Sydney, for although monthly statements were sent from Wabana to Sydney, they were not in a form which would disclose such a transaction without very careful investigation and collation with the banking account. The banking account, however, does not appear to have been examined, and notwithstanding the transfer and Mr. Gillis' representation, little or no enquiry was made, and the matter was allowed to drop. During the year (1921) sometime between April and August, Mr. Gillis further learned from Mr. Miller the nature and extent of the rest of his transactions, and received from him the \$46,000 Daily Star cheque hereinafter referred to and he told Mr. Merrill that the whole of this large sum had gone from the funds of the Dominion Co., and had been paid over to Sir Richard Squires. Mr. Miller was anxious that the whole matter be transferred to Sydney, but this was not done, nor was any investigation attempted, and no question with regard to the matter arose at the next audit which took place at the end of the year.

Meanwhile, viz: in December 1920, Sir Richard had returned to St. John's and no doubt there were many things in the field of politics to claim his attention, but I feel it difficult to accept his evidence that he allowed 3 months to elapse before he made any enquiries of Miss Miller as to how she had met such difficulties as the \$20,000 notes and the Daily Star accounts, especially, too, as he would have me believe that within a few days of his arrival he learned from her that she had done something quite contrary to his wishes in obtaining funds from Mr. Meany. Be that as it may, however, he certainly heard of Miss Miller's activities in March, 1921; according to his own account she told him in that month that she had obtained accommodation through her brother, and that she expected that his company would 'pick it up' as a campaign subscription; she further told him that she had given her brother a number of cheques representing the several amounts. He did not express surprise at her brother's action or disapproval of her own, but complained that the transaction would have been vouched by a Daily Star cheque. Miss Miller thereupon asked her brother to see Sir Richard, and take to him the cheques which she had drawn, and a few days afterwards these cheques were returned to Sir Richard, who, after listing the items, including two sums of \$2,000 and \$380 respectively, which had nothing to do with the Dominion Co., procured and handed to Mr. Miller what purported to be a Daily Star cheque for the agreed total of \$46,063.05, dated 28th March, 1921. As a cheque this document was useless, it was insufficiently signed, it was on a bank where the Daily Star had no account and in fact the Daily Star had not at that time any funds in any bank. Sir Richard excused this transaction by telling me that the document was not intended to be used as a cheque; it was a mere receipt or voucher given to satisfy Mr. Miller's principles, that is to say, his company. Next day Mr. Miller paid it into the Bank and on April 2nd it was duly dishonored. I think that the real object of this was obvious. The cheque was paid in to the credit of the company, and the full amount was at once 'pledged' to the company's credit, at that time the company's fiscal year ended on 31st March and their annual audit followed at once. Thus for the moment a false balance was created and the matter hidden. The corresponding debit, when the cheque was dishonored, was made after a new fiscal year had begun, and time was obtained for the making of the satisfactory arrangement mentioned in Sir W. D. Reid's telegram a few days before.

Nothing more was done. No claim was made upon Sir Richard or on Mr. Miller, and it became plain that the company had 'picked it up', and the money was a present. Sir Richard himself said that he concluded that it was a present from Besco or one of its constituent companies toward his campaign funds, that is, to himself, for Sir Richard's campaign funds and Sir Richard Squires himself, were as he admitted, for all practical purposes one and the same. He said that he never troubled to enquire

how or when the money was paid to him, his bank books contained the items, in the ledger they were all entered to the credit of Mr. Miller, and the latter and his sister were easily accessible. I find that he knew all about them in March 1921.

The total sum was large, no other company had ever contributed more than \$5000 to his campaign funds. It did not come from the pockets of individual officials whose political opinions might have coincided with his own, but from the resources owned by the Dominion Co. in its corporate capacity; in reality it was the money of the shareholders of a Canadian Corporation carrying on a very large undertaking of whose operations the works in Newfoundland were but a comparatively small portion. The company as such had nothing to do with politics except in so far as its own business interests were affected, and the great if not sole concern in this regard was to secure good terms in its contracts with the Government. In my view the handling over of the company's money to the Prime Minister of Newfoundland at any time material to this issue could only have been with the hope and object of furthering the prospects of the company by securing his favor, and that the recipient could not fail to realize it.

At the time when most of the money was in fact received for Sir Richard Squires active bargaining was temporarily suspended. Resumed during his absence the negotiations resulted in an agreement which required adoption and ratification by the Legislature before it could have any binding force. At any moment active negotiations might recommence, and indeed suggestions of altering the agreement were made even before it was ratified. On 14th December 1920 Mr. McDougall was writing to Sir Richard to the effect that it was doubtful whether the proposed merger of the companies would go through, and adding that the Government might be asked to make separate contracts defining the respective responsibilities of the two companies. In the following year the companies appear to have become alarmed at the magnitude of the obligations imposed upon them, and on 11th July, 1921, Mr. Gillis set out their proposals for modification in a letter addressed to Sir Richard in his capacity of Chairman of the Select Committee which was then considering the question of ratification. These proposals included reduction of export tax, extension of time for executing works, and elimination of blast furnace proposals. Nothing came of this, however, and the agreement was ratified as it stood. Similar suggestions were put forward in the autumn, and subsequent attempts to obtain concessions on these heads have been constantly made, especially whenever the Government of the day has shown anxiety to keep the mines open and employment brisk in times of bad trade or labor unrest.

In December 1921 Mr. Meany went to Montreal. Sir Richard Squires was already there and they were soon in touch with labour troubles and negotiations in respect to a Government contract with a cable company in New York. Mr. Meany was asked about negotiations alleged to have been had during that visit with the object of procuring further financial assistance for Sir Richard. Mr. Lewis (of counsel for Sir Richard Squires) strongly objected to the admission of evidence of this or any other attempt to obtain further money, unless and until it was alleged and shown that an actual payment resulted. It was not suggested that the company paid anything after 1920, and he argued that the Commission referred only to money paid and I was not entitled to investigate allegations of unproductive efforts made in subsequent years. At a later stage of the enquiry in the course of his final speech to me, Mr. Lewis took another point. The Commission refers to "negotiations . . . concerning the obligations" of the companies and he argued that from 31st December 1919, when the old agreement expired, to 12th August 1921, when the new one came into force, there were no obligations of the companies at all. The joint effect of these two objections was somewhat curious; if there were no obligations at the time of the payments and no payments at the time of the obligations and that was an end of the matter, the enquiry on this head need not have taken a day, the personal issues that had been tried out at great length were wholly irrelevant, and I was not entitled to make any report with regard to them. In my view these objections were jointly and severally bad. With reference to obligations, I hold that the suggested construction is contrary to both the words and the spirit of the Commission. I hold that the enquiry was not restricted to negotiations for the alteration of obligations already in existence and that my jurisdiction and duty extended to the investigation of the allegations that payments were made while negotiations were proceeding as to the obligations which should be included in a new agreement which was to define, and ultimately did de-

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