

DEUTSCHLAN'S CREW IN PANIC FEAR CAPTURE

COMPLETE VINDICATION FOR GOVT, GEN. HUGHES AND SHELL COMMITTEE

Continued from page 1.

They go so far as to say that, but for the effort of Col. Cantley, one of the members of the Shell Committee, it would have been impracticable to have obtained orders for the fabrication of shells in Canada, and all through the report, it is observed that the commissioners have been much impressed by the splendid work done by the members of the Shell Committee generally. The appearance of Col. Allison upon the scene in connection with negotiations for the manufacture of fuses brings out the point in the report that General Hughes, trusting him absolutely requested him "to smash Harris prices" and at the suggestion of the minister, Col. Carnegie asked Allison to bring the Shell Committee into relations with competent manufacturers who could introduce an element of competition, with the object of lowering prices.

GEN. HUGHES' EFFORTS TO SAVE MONEY FOR WAR OFFICE.

All through the negotiations it was shown that General Hughes was making the best efforts he knew how to make to get munitions as cheaply as possible for the British War Office. Regarding the transaction with the American Ammunition Company the report says it was but the carrying out of what is a common practice of promoters who have acquired a concession or contract to which it is transferred. But, for Allison's connection with Yaukum and the position Allison occupied in relation to General Hughes and the Shell Committee, the transaction would have been a matter which concerned only the parties to it and persons who should become shareholders in the company. It was stated in the Commons by Kite that the two American companies concerned were "mushroom companies."

It is brought out in the report that they were not so, but that these companies were brought into existence by a group of business men of high standing and of large means, who had determined to embark in the business of fabricating fuses. They had behind them large resources and had secured services of eminent ammunition experts.

Regarding the International Arms and Fuse Company all the allegations are dismissed.

No commission was paid as suggested, and with regard to the commission paid to the promoters who got the contract which the American Ammunition Company carried out, Mr. Cadwell of the latter company, did not himself know that Allison had participated.

Dealing with the fact that the first orders for fuses were placed in the United States rather than in Canada, the commissioners do not express an opinion, but say that the decision of the committee is not fairly open to adverse criticism and there can be no doubt that it was honestly arrived at. The members of the Shell Committee would have assumed a grave responsibility if the opinion of their expert adviser had been disregarded, and the contracts had been given to Canadian manufacturers and their efforts to produce the fuses had resulted in failure.

There are frequent references to the standing and capacity of Col. Carnegie as an expert ordnance adviser, and while there is the suggestion that he contracted for too high a price for the fuses, the commissioners add that a mistake was made in placing upon his already overburdened shoulders the work of conducting what may be called the business or commercial part of the transactions.

The Commission's Finding.

(Canadian Press.)
Ottawa, July 21.—What may be called the business or commercial part of the transactions with which Col. Carnegie had to deal, was work for the performance of which, so far as we are able to judge, he possessed no special qualifications.

"We have said that the price agreed to be paid for the 3,333,324 time fuses (\$4.50) was a fair and reasonable price. For the 1,666,666 fuses the price of \$4 was fixed by Col. Carnegie.

"It was an estimate made by him in the exercise of his judgment as a mechanical engineer, based in part upon a tentative estimate received from Mr. Sise of the Northern Electric Company.

"We think that a fair price for the loaded fuses would not have exceeded \$3, and we are satisfied that, had Col. Carnegie been aware of the prices then being paid in the United States on behalf of his own principals, the war office, to Mr. Cadwell himself, he would not have agreed to a higher price than \$3.

"It was argued that Col. Carnegie's conduct in proposing such a price is only explicable on the theory that he was intentionally allowing a high price in order to provide a commission for Allison and his friends. We are of opinion that this hypothesis must be rejected. The argument rests in part upon a misconception of Col. Carnegie's attitude. His attitude was not entirely that of a bargainer. He, believing himself to be fully competent to do so, and acting in accordance with the practice mentioned, fixed a price, which in the exercise of his judgment, he conceived to be a fair one. He exposed himself, no doubt, to criticism

operation Allison was endeavoring to secure.

"Our clear conclusion is that, whatever impression Mr. Harris may have gathered from what was said at the interview on the sixth of May, it was not in the mind of either Gen. Bertram or Col. Carnegie to convey, and that neither of them intended to convey, the idea that the manufacture of the fuses must be carried on only through Allison.

No Evidence of Pressure.

"There is a somewhat important difference between the recollections of Mr. Harris and Mr. Russell as to the words that were used by Col. Carnegie, when it is said that the contracts had been let to the United States companies on account of pressure from 'higher up.' The evidence established that Col. Carnegie is said to have made that statement to the impression that pressure had been brought to bear by anyone to close the contracts with either of the United States companies with any object than to prevent delay. There was no evidence that even such pressure as that has been used by Gen. Hughes, but if there had been, his conduct would not be open to criticism as having been in any way improper.

"The commission find the sums paid on the order of Allison to G. W. Stephens, Montreal, E. E. Lignault, at one time active as a leader at the Ritz Carlton, Montreal, and Col. William McBain, Ottawa, were made in fulfillment of agreements to share profits on other war deals. The order for \$105,000 in favor of Allison's sister-in-law, Miss Edwards, is described as a 'voluntary gift.' The evidence established that Gen. Hughes, Col. Carnegie, Col. Carnegie and the members of the shell committee had no knowledge of the Allison-Yaukum commission agreement which affected the fuses contracts.

"On the contrary, Allison gave Gen. Hughes to understand that in all that he had done or would do in the matter he was acting solely by his friendship for Gen. Hughes and that under no circumstances would he take any reward or commission for his services.

Allison's position, as stated by him to Col. Carnegie, was that of a personal friend of Gen. Hughes, anxious on account of that friendship, to render any assistance he could to the shell committee; and neither Col. Carnegie nor Gen. Bertram knew or suspected in what Allison was asked to do and was doing in connection with the fuses contracts, he was acting with a view to any profit or remuneration to himself from any contract that was contemplated or might be entered into.

The evidence established beyond question that when Allison had introduced the Cadwell group and their experts to Gen. Bertram and Col. Carnegie in February, 1915, he was acting so far as they knew, came to an end.

Allison's Explanation Cannot Be Accepted.

Proceeding on the Allison commission aspect of the contract, the commissioners hold:

"After having given the matter our gravest consideration, we are compelled to the conclusion that Allison's explanation cannot be accepted, and to find that while professing to be acting as the friend of Gen. Hughes and to be doing what he did solely out of a friendship for him and without any expectation or intention of receiving any remuneration for his services, Allison was instrumental in bringing about a contract in which, through his agreement with Yaukum in February, 1915, he was pecuniarily interested with the knowledge that he would be entitled to share equally with Yaukum in any benefit that Yaukum might receive, either by way of commission or otherwise. We have only to add that if we had come to a different conclusion and had accepted Allison's statement we would have been bound to say that his conduct in taking the benefit of the agreement to the commission and accepting a right to share in it equally with Yaukum without informing Gen. Hughes and the shell committee and obtaining their consent, could not be either justified or excused.

"What we have said as to Allison's receiving this commission and the absence of knowledge on the part of General Hughes, Col. Carnegie and the other members of the shell committee, that Allison was to be paid any commission or other reward or remuneration, applies also to the order for carriage cases that was given to the Edward Valve and Mfg. Company and to the commission to which Allison would have been entitled if the company had made delivery of the cases, according to the terms of the order, to which we shall afterwards refer.

In the course of the summary of the evidence, comment is interspersed. The commissioners, touching on the understanding between Yaukum, Bassick and Cadwell fixing one million dollars as a commission on the fuses contract of the American Ammunition Company, make this comment: "The transaction was but the carrying out of what is a common practice of promoters. But for Allison's connection with Yaukum and the position Allison occupied in relation to Gen. Hughes and the shell committee the transaction would have been a matter which concerned only the parties to it and persons who should become shareholders in the company.

"The commissioners deem the guarantee bond set up for money advanced afterward made on the fuses contract as fully securing the shell committee from loss.

"In the opinion of the commission, the transaction with the American Ammunition Company was 'entered into

for the express purpose of enabling Allison to obtain a commission from the contractors, and under pressure from Gen. Hughes, acting with the same motive," the commissioners say.

"We find that this contention is not well founded."

Gen. Hughes' connection with the operations of the shell committee are referred to as thus:

"It was suggested that the presence of an endorsement on the American Company's contract of a memorandum of its ratification, signed by Gen. Hughes, 'as Minister of Militia and Defence' of the Dominion of Canada, in accordance with authority duly conferred upon him by his Britannic Majesty's government, 'indicates that Gen. Hughes had taken part in the negotiations which led up to the making of the contract and gives support to the view that the contract was his contract and not that of the shell committee, and was forced upon the committee, in order that Allison might obtain a commission.' There is, in our opinion, no ground for that suggestion. The legal advisor of the company inquired if the shell committee was an incorporated body, and having been told that it was not, and President Cadwell told Mr. Ord, the committee's lawyer, that it would be necessary for the company to raise money in New York on the strength of that they must have the contract ratified by the war office. He procured the signature of Gen. Hughes.

Charge re "Mushroom" Firms Unfounded.

"Apart from the Allison commission there is no evidence that any commission, reward or remuneration for obtaining, or assisting in obtaining, the contract entered into with the American Ammunition Company, was paid or offered to any one, and so far as appears from the evidence, no person except the company and its shareholders, had been, or is entitled to any interest in the contract, or in the profits or prospective profits under it, and we are satisfied that neither Gen. Hughes nor any member of the shell committee has been or is so entitled, or was promised or paid any such commission, reward or remuneration."

The commissioners decide that the inability of Col. Carnegie to carry out its contracts was due to the failure of sub-contractors to make deliveries and the failure of the finished fuses to pass the firing test. These difficulties had been obscure.

The allegation that the two American concerns who got the fuses contracts were "mushroom" enterprises, the commissioners contend, is not well founded on account of the substantial financial backing of their promoters.

SOME EXCERPTS FROM THE REPORT

The following are some excerpts from the report of the commission:

But for the efforts of Col. Cantley, personally, and of the Nova Scotia Steel Company, it would have been impracticable to have obtained orders for the fabrication of shells in Canada.

The position of the shell committee was, throughout, undoubtedly that of agent for the British government.

It was argued by counsel for Mr. Kite that the shell committee and its members or some of them were improperly influenced by Gen. Hughes, but we are of opinion that this contention is not well founded.

It was a most natural and in no way improper thing for the minister to call the attention of the committee to the claims of the manufacturers or the constituency which he represented to consideration.

Counsel for Mr. Kite made no attack upon the contract with the International Arms and Fuse Co. It was not a "mushroom company."

No commission, reward or remuneration for obtaining or assisting in obtaining the contract was promised or paid to any one.

It was argued by counsel for Mr. Kite that the contract with the American Ammunition Company was entered into for the express purpose of enabling Allison to obtain a commission from the contractors and under pressure from Gen. Hughes, but we find that this contention is not well founded.

No fault is to be found with the terms of the contract, it was not a mushroom company.

The decision of the committee (in placing contracts in the United States rather than in Canada at that date) is not fairly open to adverse criticism, and there can be no doubt that it was honestly arrived at.

Nothing that we have said is intended to suggest or imply any doubt as to the integrity of Colonel Carnegie.

A mistake was made in placing upon his already overburdened shoulders the work of conducting what may be called the business of commercial part of the transactions.

It was not in the mind of General Bertram or Col. Carnegie to convey, and that neither of them intended to convey, the idea that negotiations with the American Ammunition Company's contract was 'entered into

through Allison. Allison gave General Hughes to understand that in all that he had done, or would do, in the matter he was acting solely by his friendship for Gen. Hughes, and that under no circumstances would he take any reward or commission for his services.

RUSSIANS SMASH THROUGH GERMAN FRONT NEAR RUS

(Continued from page 1)

Colonel Tarnoff, died gloriously fighting the latter part of June in the region of Korfa, southwest of Dubno, at the head of his regiment, while crossing a river under a murderous fire and putting the enemy to disorderly flight.

Taurota Files in Disorder.
Petrograd, July 21, via London, July 22.—The war office communication, issued this evening, says:

"Western front: The valiant army of General Sakharoff, having surmounted all the difficulties of crossing the Lipa under the concentrated fire of the enemy, on Thursday drove the enemy, who fled in disorder. Our artillery is shelling the retreating enemy columns which have been driven across the Lipa at several points.

"Yesterday (Wednesday) we took about 1,000 prisoners and four cannon, three of which were loaded. Prisoners continue to come in. Further information indicates that the prisoners taken in Thursday's battle numbered three officers and 155 men.

Four machine guns were also captured. This fighting took place in the region southwest of Kimpolung (Southern Bukovina) in the Waleputa region, where the enemy was driven from one height.

"The number of prisoners taken in the battle of the sixteenth continues to increase, at present numbering 2,517 men and seventy-five officers. The booty already listed consists of three guns, forty-nine machine guns, thirty-six bomb-throwers, eighty cases of grenades and bombs, sixty cases of ammunition, fifty-eight cases of machine gun cartridge belts and three depots containing 35,570 shells, 5,230 hand grenades and huge quantities of rifle cartridges and other war material."

Driven Back in Disorder.

Paris, July 21.—(Noon).—Positions captured yesterday by the French south of the Somme were subjected to a vigorous counter attack during the night. The Germans charged the French positions, but were repulsed, but the war office announced today, suffered heavy losses and were driven back in disorder.

A strong German detachment, which advanced to the attack in the morning, was repulsed with the bayonet.

Between Soissons and Rheims the French penetrated a German trench, clearing it of its defenders.

"Between Trebizond and Erzingan, French aeroplanes bombed enemy positions at Longuyon and Briulieu."

Russians Take Town in Turkish

Petrograd, July 21, via London.—The capture by Russian troops of the town of Gumushkhana, forty-five miles southwest of Trebizond, in Turkish Armenia, was announced today by the war office.

The official statement says: "In the region of Djivi Lyk we made further progress, taking prisoner an officer and sixty Turks.

"Between Trebizond and Erzingan, after a fight, we took the town of Gumushkhana.

"In the region northwest of the town of Klakitschewit we made prisoner thirty Turkish officers and 400 men, and captured important convoys. We repulsed an enemy offensive in the region east of Rivandouza (region of Mosul)."

London, July 21.—The British line north of Montezone and Longueval has been pushed forward to Pouraux Wood. This the war office announced today. The British drove the Germans from the wood, but subsequently lost part of this position.

The statement follows: "The battle continues without intermission between the Lepsic road on the west and the Delville wood on the east. North of the Basentin-Longueval line the British advance has been pushed to Pouraux wood from which we drove the enemy."

"During the night the enemy counter attacked, after an intense bombardment with gas shells and succeeded in effecting entry into the northern part of the wood, but failed to dislodge us from the southern half. Elsewhere there is no change."

Rome, July 21, via London, 5.50 p.m.—The war office made public today the following announcement: "In view of the persistent shelling of Ala and other places in the Adige Valley by the heavy artillery of the enemy, our artillery yesterday bombarded Riva, Arco and Rovereto. We caused fires, and by our curtain of fire prevented their extinction."

"In the Upper Poenna small forces of the enemy made persistent attacks to prevent consolidation of our new positions, but were in all cases repulsed with heavy losses."

"We captured further trenches on the northern slopes of Monte Malo. The enemy's artillery used asphyxiating shells against our positions at the head of the Cosentia, in the region of the Upper Boite, without doing any harm."

"On the Isonzo front there were artillery engagements. The enemy shelled Monfalcone. We replied by means of a three inch pipe, attached to the valves of the tank car, and ran into the fuel tanks amidships."

DIG SUBMARINE'S SPARS ARE DISMOUNTED AND THE CREW CLOSES THE CONNING TOWER

Searchlights illuminate pier where the Deutschland is All Ready for Her Dash Through the Virginia Capes and Patrols Recent Presence of Launches in the Vicinity.

(New York Herald.)

Baltimore, Md., July 19.—The Deutschland's crew at a few minutes after eleven o'clock tonight dismounted the spars which have been raised high above the submarine, and the conning tower was closed, while launches with agents of the Eastern Forwarding Company patrolled the waters leading to the pier, and the tug Thomas F. Timmins kept a searchlight playing all about the scene.

Every man of the Deutschland's complement was on board the craft. One of the launches drew up a few minutes later and a representative of the agents attempted to persuade the newspaper launches to leave the vicinity of the pier.

"You are interfering with our plans," he declared.

Crew of the Deutschland in Terror

From Unknown Perils off Cape. Terror stricken and on the verge of a panic, the crew of the Deutschland dread the order that will start them on their return passage across the Atlantic.

"None believe they will escape the dragnet being thrown out by the allied cruisers now off the Cape. They feel sure that they will fall victims to the enemy's engines in a net that the enemy is spreading just off the three mile limit."

The crew, whose names will go down in history for the creation of a new commercial era, have openly expressed this feeling to friends on Locust Point. They have told the same friends that Captain Paul Koenig, the daring commander, is doing everything in his power to keep up their spirits and make them look on the bright side of the affair, but the men can not see this side of the venture.

"We are praying every night and are getting our friends to pray for us," Second Engineer Carl Fruechte told a friend with whom he has been passing his evenings since the crew has been on shore leave. This same friend today told the story of the terror attack on the Deutschland, and the British ship, not knowing at the time he was talking with a newspaper man.

"The crew have orders to be ready to leave port at any moment," said this friend of Fruechte. "They cannot bring themselves about to see how the Deutschland will escape the enemy off the Cape."

Fear Use of Nets.

Knowing the tactics of the British and French, and realizing that many German submarines have been caught in nets that were stretched across the English Channel, the men of the Deutschland fear that the British will resort to this method off the Cape.

Not only that, but the crew of the Deutschland is expressing fear for the Bremen, sister ship of the Deutschland, which is soon due at the Cape. Should these nets be stretched, the Bremen also may be ensnared and lost.

Everything is being made in readiness for an early clearance of the Deutschland. The crew were busy today bidding good-bye to their friends. All shore leave was taken from their minds at sundown today and instructions were issued that none could leave the pier at which the craft is tied. Extra precautions were taken at night and the guard was reinforced both on the land side and on the water.

From the Potomac River, searchlights on board the tug Thomas F. Timmins and the launch Edo, of the Eastern Forwarding Company, played continuously on the shore and around the waters to keep other craft from approaching too near the submarine. All food supplies were placed on board the craft today and this also indicates that there will be an early clearance.

Among the foodstuffs put aboard were fresh water—30 tons of it—cooked meats and bread and fruit that will serve the crew for a few days. After this has been used up the crew will begin to live on canned food, bread, vegetables, fruit and meat. There will be no ice water for the crew, the only thing with which to quench their thirst will be water that is hot from the heat of the engine room.

Put Fuel on Board.

It was soon after two o'clock this afternoon when suddenly the gates of the warehouse were thrown open and a heavy guard stepped from within, to keep back the curious. Then the gates in the rear, that open on the pier to which the Deutschland is moored, opened and stevedores, drawing after them a long steel cable with a heavy hook attached, came from the Deutschland. The hook was made fast to the tank cars containing fuel oil, and by means of a steam winch on the pier, the cars were pulled to a position beside the submarine and the work of filling the fuel tanks of the Deutschland with 16,266 gallons of fuel was begun. This oil which will be sufficient to give the craft an operating radius of 13,000 miles, was transferred from the tank cars to the submarine by means of a three inch pipe, attached to the valves of the tank car, and run into the fuel tanks amidships.

The Deutschland's crew were today presented with iron cross rings by the ladies in charge of the distributing station here. The presentation took place on board the Neckar, where the submarine sailors are making their home while in port.

A most interesting turn has been given to the possibility of the Deutschland escaping and making the trip to Germany if she does not run afoul of nets stretched by the cruisers. It was said that the submarine might slip out to sea on her return voyage in the wake of a freight vessel of one of the Allies. Such being the case, the submarine would really be protected by the freighter. In the wake of this vessel it would be impossible for those aboard cruisers of the allied nations to detect the presence of the undersea craft by means of their microphones, with which all are equipped. This theory was advanced by George M. Williamson, of New York, a submarine expert, who says that in this way the submarine would be out of all danger of being stopped and could escape without being detected.

MORE N.B. MEN IN CASUALTIES

Ottawa, July 21—

ENGINEERS.

Previously reported unofficially, now officially prisoner of war.

Sapper John Robert McLeod, Thornburn, N. S.

ARTILLERY.

Seriously ill.

Gunner Ronald Macneff, Lunenburg, N. S.

Gunner Louis Joseph Wade, 113 Queen street, Halifax, N. S.

INFANTRY.

Wounded.

Lewis Ayotte, Campbellton, N. B.

Lester Edgar Ince, 54 Gerrish street, Halifax, N. S.

James Kidson, Sydney, N. S.

J. G. McGrath, Esquimaux, N. B.

INFANTRY.

Killed in Action.

Ralph N. Secord, Apsahqu, N. B.

Wounded.

David M. Owen, Minto, N. B.

Benjamin Smith, Box 48, St. John, N. B.

MOUNTED RIFLES.

Previously reported unofficially, now officially prisoner of war.

John H. Williams, 20 Hanover street, St. John, N. B.

Wounded.

Gunner Robert P. Randall, Moncton, N. B.

MOUNTED RIFLES.

Previously reported unofficially, now officially prisoner of war.

Sergeant Wm. J. Piaster, Beaver Dam, N. B.

Previously reported, now officially prisoner of war.

Fred W. Boyd, Fredericton, N. B.

Clarence D. Hicks, Berry's Mills, N. B.

Russians Retire, Berlin Reports.

Berlin, July 21, via wireless to Bayville.—A retirement of the Russians in one sector of the Volhynian battle front is reported in the Austro-Bulgarian army headquarters' report of July 20, which says:

"In Volhynia, the Germans pushed the enemy back west of the Zunkase (Svinitsky) lowlands toward the north."

"In the Italian war theatre the situation is generally unchanged."

BAKER OUT INDEFINITELY.

New York, July 20.—J. Franklin Baker, the hardbitten third baseman of the New York Americans, will be out of the game indefinitely, it was announced tonight.

The injuries he sustained during last Friday's second game in running against the grandstand while chasing a foul ball have been found more serious than at first thought. An X-ray photograph revealed that two ribs were broken.

Late Boone, last year's regular second baseman, will play third until Baker is able to resume play.

KRAMER TAKES THE TITLE.

Newark, N. J., July 30.—Frank L. Kramer clinched the cycling championship of America for the 16th year in succession by winning the two-mile titular race at the Velodrome here this afternoon. Bob Spars finished second.

MORAN AND MORRIS.

Tulsa, Okla., July 20.—Frank Moran of Pittsburg was matched today to meet Carl Morris of Oklahoma in a 16-pound bout here on the afternoon of Labor Day, Sept. 4. Moran will get \$10,000 for his end of the battle, win, lose or draw, with a privilege of \$5 per cent.

LAURIER'S TO BRN

Hon. Robert Rogers

Government Has D

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Special to The Standard.

Winnipeg, Man., July 18.—Hon. Robert Rogers, Minister of Public Works this morning addressed the five hundred guests who attended the banquet following the annual Manitoba Conservative convention held here today. The minister was in excellent form and made a fighting speech which aroused the greatest enthusiasm.

He strongly denounced Laurierism for not only having tried to keep Canada from making any preparation to do her duty as part of the Empire, but for having, during the war, endeavored to make ways to hamper the efforts of the government. He also sketched briefly the government's designs for the coming days of peace and the steps to be taken for looking after the immigration, which is confidently expected to pour into Canada. He declared the government were ready to take care of this development and felt sure of the support of the country in the measures it would initiate.

Mr. Rogers, after some introductory remarks, said:

"It is true, for reasons within the common knowledge of all, that we have not had many opportunities for political meetings since the outbreak of the war. During that period the government have been called upon to meet an emergency the like of which no government have ever been called upon to meet in Canada before. We have no previous to guide us, for never in all our history had we such conditions forced upon us. The government, however, took hold of the situation determinedly and fearlessly. We recognized that Canada was British to the core, and we believed then, as we believe now, that all loyal Canadians would endorse our every action in taking the necessary steps to aid in the protection of our Empire and securing victory for her flag and our flag. We were not alone in this crisis assistance promptly given was doubly valuable and therefore acted without a moment's delay."

Taking that proper position which Canada, the great colony of the Empire, should occupy, the government the first to lead in our offer of assistance to the motherland—not only did we act quickly but we felt there should be no two opinions in Canada, that we should act generally to make, rely upon the support of the people to endorse our generous measures of assistance. It is quite true that Canada was not prepared for war. We are a great industrial, peace-loving people."

How Laurierism Balked Naval Plans.

"It is, however, undoubtedly true that we should have been better prepared than we were and had the feelings of the policy which you represent been allowed to prevail, we would have been much better prepared than we were. But on that score the government have no apologies to make. They believed that there was danger