

subsequently adopted, whereby the vessels in question and others seized for rum-running were destroyed rather than offered for sale by tender. The actions outlined above completely broke up a gang which had operated for several years in the district in question. It has been our experience that forfeited rum vessels offered for sale, invariably, were bought back by bootleggers through agents, at scrap prices, and soon were again following their nefarious trade.

Quebec, continued: Following the break-up of the gang previously referred to, who operated in the lower St. Lawrence and the province of Quebec, further intensive investigations were carried out, which disclosed that an even larger organization for trafficking in contraband liquor existed in the province of Quebec, with headquarters in Montreal. Some sixty persons were charged in the Montreal courts "for having conspired to defraud the revenues of a very large amount of money." The persons were residents of Quebec, Nova Scotia, New Brunswick and Prince Edward Island, but the Crown sought to prove that the actual conspiracy took place in Montreal. Subsequently all charges with the exception of eight were withdrawn in view of questionable jurisdiction of the courts in Montreal.

25. Our efforts were disappointing in the cases which were continued in Montreal, as, despite a mass of evidence and exhibits produced by the Crown, which indicated that those charged were handling large quantities of liquor upon which the duties or taxes had not been paid, throughout Eastern Canada, the cases were dismissed at the preliminary enquête.

26. Attempts to have Crown counsel "bound over" to prosecute before the competent court of jurisdiction were unsuccessful. Subsequent applications for preferred indictments were likewise unsuccessful.

27. In another case in Quebec large quantities of alcohol of American origin, entering Canada at Windsor, Ontario, were shipped by railway freight cars to Montreal, fictitiously billed to mythical drug firms in Montreal. The extent to which the revenues were defrauded in this case was estimated to be in excess of \$20,000.

28. Conspiracy charges were also laid against three persons during 1934 with respect to shipments of alcohol smuggled into Canada in railway tank cars. The amount of which the Federal Government was defrauded in this instance was estimated at \$1,500,000.

29. The modus operandi adopted was to have tank cars specially constructed with partitions forming three separate compartments. Shipments originated in the State of New Jersey and in each instance the end compartments were filled with a cheap grade of oil, the centre compartment containing alcohol.

30. The three persons involved, who were apprehended in Canada, were convicted and received terms ranging from four years to one year. Appeals are pending in each instance, before the Supreme Court of Canada, following unsuccessful appeal proceedings heard by the full bench of the Appeal Court of Quebec.

31. Still another case involving similar charges resulted in the conviction of three persons in the Montreal courts. Alcohol was smuggled by aeroplane into Canada from the State of Maine, and landed in out-of-the-way spots adjacent to the Quebec boundary. The

principals would compensate local farmers for the privilege of landing on their property and for maintaining secrecy.

32. There are indications that aircraft may provide a common medium for the transportation of contraband and the condition is receiving consideration in order that situations may be dealt with as they arise.

33. Seven persons were also convicted during 1935 for conspiracy charges arising out of the smuggling of American alcohol in the vicinity of Pont Rouge, P.Q. In this case the liquor was imported in railway box cars, concealed in shipments of paper and billed accordingly. It was estimated that the revenues were defrauded of approximately \$150,000 by this means.

Ramifications of liquor traffic: The foregoing and other cases involving charges of "conspiracy to defraud the revenue," initiated by this Force, disclosed the wide ramifications of the liquor interests. It was established that public utilities, including railways, telegraph, telephone and express services, were utilized, by those concerned, in the illicit traffic.

35. Within our experience officials of some companies and Government officials have been bribed to facilitate the movement of liquor shipments.

Ontario: In Ontario the liquor situation has been kept in check, generally, by means of prosecutions and seizures of stills. Recent investigations indicated that a gang operated in the Niagara-Hamilton-Guelph area, producing illicit alcohol for local trade and for export to the United States, dependent upon the price structure for their produce in the respective countries. During November, 1935, three large stills, each with a daily output of two hundred and fifty gallons, were seized in the area in question, and some ten persons were convicted and received sentences ranging from one year with hard labour plus a fine of \$500, to the minimum penalty provided by section 164 of the Excise Act, namely, a fine of \$100, or, in default of payment, three months' imprisonment.

Nova Scotia: A number of those persons against whom conspiracy charges were withdrawn in the Montreal courts were later similarly charged in Nova Scotia. Eleven were convicted and received substantial sentences involving fines up to \$3,000, with alternative jail terms.

38. Eight other persons have been similarly charged in the Halifax courts, and within the past few days six of them pleaded guilty, and fines of from \$1,500 to \$600, totalling \$8,100, were imposed, with alternative jail terms.

39. Since assuming preventive duties members of the Force have continuously obtained convictions under the Customs, Excise, and Nova Scotia Liquor Acts, for offences concerning the manufacture, importation, possession and transportation of liquor.

40. In that province a system has been devised whereby certain types of such offences are prosecuted under the provincial statutes, others under the federal acts; and in certain instances under both. This arrangement has worked out satisfactorily, judging by normal barometers such as improved sales by government liquor stores and the increased price of contraband liquor in the province. We feel that our activities have decidedly curbed the traffic, although we are aware that a large amount of contraband is still landed by vessels