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

(Continued from page 7.)

no funds to meet it?

A.—That is all I can tell from the cheque.

COMMISSIONER—Any witness to be called to-morrow?

MR. LEWIS—I should like to call Mr. Fraser.

COMMISSIONER—Would you tell him to bring the ledger back?

MR. LEWIS—Certainly.

COMMISSIONER—After that have you any other witnesses in this part of the case?

ATTORNEY GENERAL—There is Mr. Kean. He has the Daily Star books. We have subpoenaed him.

COMMISSIONER—Those will not last long. You do not want a great deal from Mr. Fraser?

MR. LEWIS—I think an hour would satisfy me.

COMMISSIONER—Then where are we?

ATTORNEY GENERAL—Mr. McInnis is due here to-morrow morning.

COMMISSIONER — Then we may possibly hear him to-morrow.

ATTORNEY GENERAL—We ought to hear him to-morrow afternoon.

COMMISSIONER—I will tell you what I thought. His evidence, so far as I can see, could not touch in any way the Liquor Control question. Therefore, as far as the Liquor Control question is concerned the evidence may be said now to be closed. Then I thought if Mr. McInnes was not ready, we might postpone him, and ask those interested in the Liquor Control question to give me the benefit of their addresses to-morrow morning. Mr. Meaney and Miss Miller, and Mr. Howley for Sir Richard Squires. Other people have been mentioned, but I do not think, but not I think anybody against whom any serious charges have been made, other than those three persons. So if any of you desire to address me on any section of the case, I shall be glad if you will be here to-morrow morning to do so. If so, Mr. McInnis can wait until Friday.

(Michael J. Kean sworn; Examined by Mr. Warren).

Q.—You are the liquidator of the Daily Star?

A.—Yes.

Q.—Have you brought the account books with you?

A.—The account books; yes, but I have not the account books of the liquidation.

Q.—We want to find what amounts were paid to the Star by Sir Richard or from his office during the years 1920, 1921 and 1922?

A.—1920, 1921 and 1922. In 1922 the Star was in liquidation.

COMMISSIONER—When did it go into liquidation?

A.—On the 31st of December 1921.

Q.—How much of it has been paid?

A.—No dividend has been paid off.

Q.—Any assets?

A.—The plant and the book debts.

Q.—Has that been sold?

A.—They sold for $6,500.00.

MR. WARREN—Who bought it?

A.—Sir Richard Squires.

COMMISSIONER—What other assets were there?

A.—Stock. Such as paper, material and book debts.

Q.—Has that been sold?

A.—Everything has been sold.

Q.—Was that included in the $6,500.00?

A.—All assets realized about $10,000.00.

Q.—Is that including book debts?

A.—Including book debts and all.

Q.—Those are in your hands for ultimate distribution or have they gone across?

A.—The greater portion have gone across.

Q.—Can you tell me about the constitution of the Star? We know that there were three shareholders at $10,-00 apiece. Was there any other capital?

A.—Not to my knowledge. I only went there in April 1921 in its dying days.

Q.—Have you got all the books?

A.—Yes. But they have been very badly kept.

Q.—Was there a Minute Book?

A.—There was one but I could not find it.

Q.—How do you know there was one?

A.—I was told there was one but I never saw it.

COMMISSIONER—I am sorry about that I was hoping to see it.

Q.—Were there directors?

A.—Yes. Three directors.

Q.—Who were they?

A.—Dr. Mosdell, D. R. Thistle and Baxter Parsons.

Q.—Dr. Mosdell was the President and Mr. Thistle was the Secretary.

A.—Yes. And Mr. Parsons was the Vice President.

Q.—Were they also the three shareholders?

A.—Yes. They were the three shareholders.

Q.—Have you paid the $65,000?

A.—No.

Q.—It is only a contract for sale but it has not been completed by the actual purchase money?

A.—It was not necessary.

Q.—It has not in fact?

A.—No.

MR. WARREN—What do you mean by that?

A.—I mean that the method of carrying out the liquidation was that Sir Richard purchased the greater part of the debts and claims.

COMMISSIONER—There are other creditors?

A.—Yes.

Q.—The assets will ultimately be distributed amongst them?

A.—Whatever will be now for distribution will go to Sir Richard.

Q.—What will go to the other poor creditors?

A.—The claims has been bought up.

Q.—He has bought them up?

A.—Yes.

Q.—What did they go for?

A.—I could not tell you the total, but some of them were paid ten cents on the dollar.

Q.—You had a list of the claims of the creditors of the company; what was the aggregate amount apart from Sir Richard Squires?

A.—About $29,000.

Q.—How much did he prove for?

A.—He did not furnish any proof except what I have in the books myself.

Q.—What do they show?

A.—About $121,000.

Q.—So that the total indebtedness is about $150,000?

A.—Yes.

Q.—That is all in Sir Richard's hands; he has bought in all the claims so that he is now sole creditor of the Star?

A.—Yes, there might be a couple of small exceptions. The amount outstanding is about $200.

Q.—For all practical purposes the liabilities of the company are $150,-000 all in the name of Sir Richard and the assets are about $10,000? Out of that has got to come the expenses? How far would they reach?

A.—It would be about half of it about $5,000. There are some preferred claims; like taxes or rates?

A.—Yes and a mortgage.

Q.—They have to be paid in full before the other creditors get a dividend?

A.—They are paid.

Q.—What did the amount of the preferred creditors come to?

A.—About $900.

Q.—Expenses about $5,000?

A.—That would be included in the $5,000.

Q.—Oh, I see, other expenses about $4,000 then?

A.—Yes.

COMMISSIONER—I don't include them in expenses, they seem to be very different from expenses.

MR. WARREN—I want to get from you, Mr. Kean, a list of the amounts paid to the Star from Sir Richard or through his office for 1920 and 1921.

A.—In 1921 I received those payments myself and they all agreed with the bank but before that I have no knowledge.

Q.—What about the books?

A.—The books don't show anything much in 1920—no amounts of any consequence. I have the books outside.

Q.—We can have the books produced?

COMMISSIONER—I think we will see them to see how they were kept.

COMMISSIONER—I understand you were not yourself, in the employ of "Star" in 1920?

A.—No.

Q.—In 1921?

A.—Yes.

Q.—What office did you hold?

A.—I was acting business manager but I resigned in December.

Q.—When did you go there?

A.—In April 1921.

Q.—So from April to December you had something to do with it yourself?

A.—I handled the cash completely. This book was in hands and can be relied upon. (Indicating cash book).

Q.—What book deals with the latter part of 1920?

A.—Our cash book which has not been written up for over a year and was never kept regularly.

COMMISSIONER—Let us get to August 1920. Was there anything in the nature of a journal?

A.—It was not kept.

COMMISSIONER examines book.

Q.—Just show that to the Attorney General.

ATTORNEY GENERAL examined book.

COMMISSIONER—Does that cash book show you anything it does not show me much.

Q.—What is the next book; these things had to be posted into a ledger?

A.—I was not responsible.

Q.—But that was the natural course of events but does that appear to have happened? Is there an account of Sir Richard?

A.—The loan ccount would be the same as Sir Richard's; it did not go under his name but it was the same.

Q.—Is that entered in order of date?

A.—Pretty well, yes.

MR. WARREN—I am afraid we cannot do much with this; you see there are no entries as regards advancements made by Sir Richard or his office after the 26th of February 1920.

A.—I cannot find any entries. I took it over in April 1921.

Q.—There are no entries of transactions between Sir Richard or his office and the Star from the 26th of February until you took over the books in 1921, in April?

A.—No.

COMMISSIONER—From February 26th 1920 to April 1921? After April 1921 have you got any then ?

A.—Did I receive money from Sir Richard?

Q.—Yes.

A.—Yes.

Q.—Are these entered?

A.—Yes, these are all entered.

MR. WARREN—We are coming to those. Where is your cash book?

A.—(Witness indicates cash book).

Q.—That begins in April 1921?

A.—Yes.

Q.—Can you tell from that what amounts you received from Sir Richard; if so you might read them out?

A.—The amounts were not paid to me directly; they were deposited in the Bank.

MR. Kane—On April 30th, 1921, $12,000.00.

MR. WARREN—$12,000.00 received from Sir Richard?

A.—Yes. On April 30th, 1921.

Q.—Was it cash?

A.—I don't know whether it was cash or not, paid into the Bank.

Q.—I only ask you because there is no record of it here in his account.

———Yes, what else?

A.—May 31st, $5,980.00.

Q.—There is no need of that here either.

A.—June 30th, $2,500 00, July 20th $260.00. The following payments then are all small payments.

Q.—After that they are all small?

A.—Yes.

COMMISSIONER—I should like to hear some of them.

A.—I can give them. July 20th, $260.00.

Q.—And in August?

A.—There is no payment in Aug.

Q.—Anything in September?

A.—No payment in September.

Q.—In October?

A.—No payment in October.

Q.—November?

A.—November 3rd, $818.23, November 19th, $500.00. December 3rd, $300.00, December 17th, $200.00. That completes the payments in 1921.

MR. WARREN—Just look up November 19th.

MR. LEWIS—He said that was $500.00.

COMMISSIONER — Yes, November 19th was $500.00.

MR. WARREN—Anything there in November—November 22nd?

A.—We have nothing on that date.

COMMISSIONER — Well now, those sums don't correspond with wages account at all. The wages accounts was weekly, were they not?

A.—Yes.

Q.—Can you show by your records how those were paid? Where you got the money from?

A.—The money I got to pay the wages with came from the general sources of revenue of the newspaper, from advertising.

Q.—Did you always pay the wages yourself?

A.—Yes, except on two or three occasions, I think. On one instance I think I had to get cash accommodation of $1100.00 which I paid back.

MR. WARREN—From himself personally?

A.—Yes, I returned that. Then he was away from August up to October, and during that time I financed it myself. I did not have to go outside to get loans.

COMMISSIONER—He was away from August 21st to October 3rd?

A.—Yes.

Q.—Did you ever get your wages from him or from Miss Miller?

A.—I never had anything to do with Miss Miller re wages.

Q.—Did you get any money at all from her?

A.—No.

Q.—Nothing from her as regards wages or anything else?

A.—No.

MR. WARREN—Did you ever ask her to cash a cheque for you?

A.—No. Not to my knowledge.

Q.—This amount of $12,000.00 went to your credit in the usual way?

A.—Yes.

Q.—And you drew on it from time to time to pay wages?

A.—Not necessarily wages.

Q.—To pay any outgoings?

A.—Yes.

Q.—Did you keep a cash book before you went there?

A.—No, they had no cash book before I went there. There was just a record.

COMMISSIONER—We shall not call it a Cash Book then. It might be offended if we called it a Cash Book. Who kept that book?

A.—It was kept by the bookkeeper, Miss Power.

MR. LEWIS—She was the general bookkeeper, was she?

A.—Yes.

Q.—How do you spell her name?

A.—P-o-w-e-r, Power.

MR. WARREN—Would you mind getting the ledger again?

A.—Which book, sir?

Q.—R. A. Squires Loan Account, 1920, Ledger.

(Book produced to Attorney General, who examines same).

Q.—Whose writing is that in?

A.—In Miss Power's writing.

Q.—That $841.00 is to pay wages?

A.—Yes.

Q.—(Reads)—"Deposited by Miss Miller. Adjustment of Debts."

COMMISSIONER — Deposited by Miss Miller?

MR. WARREN—"Deposited by Miss Miller, adjustment of debts" in the Cash Book of the Star.

COMMISSIONER—Is the figure given?

MR. WARREN—(Quotes from Book) (To Witness)—What do you make of those figures?

A.—I don't know what to make of them.

Q.—Will you look up the Ledger and see if those amounts are entered up?

A.—No. In the Cash Book there are some entries.

COMMISSIONER—Does he know the handwriting? (To Witness)—Is it your predecessor's handwriting?

A.—It is in the bookkeeper's handwriting?

Q.—Ending in 1920, how much had been paid in by Miss Miller altogether?

MR. WARREN—There is no record of that in the ledger, because the Ledger starts in February.

(Books produced to Commissioner.)

COMMISSIONER—(Reads) — "Deposited by Miss Miller Loan."

MR. WARREN—There is another pencil note under that: "Covering all debts." That is just after she got that message from Sir Richard.

COMMISSIONER—There are some names at the side here. "Squires" is written at the side of that $1,000. It looks as though in August they were getting some money out of her. How much it was it is difficult to ascertain.

MR. LEWIS—I understand that $4,500 was paid by proceeds of discounts.

COMMISSIONER—They were not payments on account or anything of that sort? It says "Discounts and Renewals."

A.—I think they were discounts put through the bank—about $2,000.

Q.—It represents apparently discounts for the renewal of notes?

A.—Yes.

COMMISSIONER—Have you anything further to ask, Mr. Attorney General?

MR. WARREN—I have nothing further to ask.

COMMISSIONER—And you, Mr. Lewis?

MR. LEWIS—I have nothing further to ask.

COMMISS'ONER—That will do, thank you, Mr. Kane. Now, is Mr. Fraser here? You have no other witness, Mr. Attorney General?

MR. WARREN—No.

MR. HOWLEY—Mr. Fraser is here, sir. But there is here an accountant from the Bank of Nova Scotia whom we would like to call for the purpose of putting in one of the certificates from the Bank. I understoo that Mr. Frost was coming back for further examination. This morning, finding he was not, I telephoned the Bank to send up a man with the documents.

COMMISSIONER—Very well, then.

(Mr. Rowsell Called.)

Q—What is your full name, please?

A.—Samuel Rowsell.

Sworn. Takes the Witness Box. Examined by Mr. Howley.

MR. HOWLEY—Mr. Rowsell, you are in the employ of the Bank of Nova Scotia?

A.—Yes.

Q.—In what capacity?

A.—Assistant Accountant.

COMMISSIONER—That is, the Bank of Nova Scotia, St. John's?

A.—Yes.

MR. HOWLEY—I think the system of your Bank with regard to returning cancelled cheques and paid cheques to customers is to take a receipt or verification slip for them?

A.—Yes.

Q.—In 1920, did Sir Richard Squires have an acocunt in your Bank?

A.—Yes.

Q.—Did the system of delivering up his cheques on account of such verification slips exist?

A.—Yes.

Q.—Have you on your files a verification slip with regard to his account at the end of 1920?

A.—Yes.

Q.—Have you got it with you?

A.—Yes.

COMMISSIONER — "We returned cheques to our customers and kept a verification slip in return." Is that right?

A.—Yes.

MR. HOWLEY—You have the original and the copy with you?

A.—Yes.

(Verification Slip put in to Commissioner.)

COMMISSIONER—What period does this cover?

A.—Up to December 21st, 1920.

Q.—What time did it commence?

MR. HOWLEY—When did it commence?

A.—That is to December 31st, probably from the time it opened.

Q.—When was the account opened?

COMMISSIONER—We don't know the period, we only know one end of it. (To Witness) I thought you kept a slip, each time you sent the cheques back?

A.—Yes.

Q.—How often?

A.—Whenever they demanded them. Most people get them at the end of every month.

Q.—How often did Sir Richard get his?

A.—I don't know.

MR. HOWLEY—Have you on your files verification slips for other months of 1920?

A.—If we gave cheques out, yes.

Q.—Every time you gave cheques out you got a verification slip?

A.—Yes.

Q.—Have you other verification slips for any other month of 1920?

A.—I don't know.

COMMISSIONER—You have only produced a verification slip for the 31st of December. It does not show when it began.

MR. HOWLEY—When you go back, will you please be good enough to look up any other verification slips in 1920?

A.—Yes.

Q.—In the meantime, I shall put in these.

COMMISSIONER—This is signed R. A. Squires, per J. G. Miller.

MR. HOWLEY—The bank asks, sir, that we should not keep the original but the copy.

COMMISSIONER — Certainly, let him have the original back, and we shall deal with the copy.

Mr. LEWIS—Let me see it, Mr. Howley, will you please?

COMMISSIONER—In the absence of any information as to when it began, it is not of very much value. According to that, it may have begun the day before. Its value is to show the was the state of the account at the end of the year. It is an acknowledgment of Sir Richard by his attorney of that fact.

MR. HOWLEY—Mr. Rowsell, do I understand you to say that customers get their cheques and give such verification at the end of different months during the year?

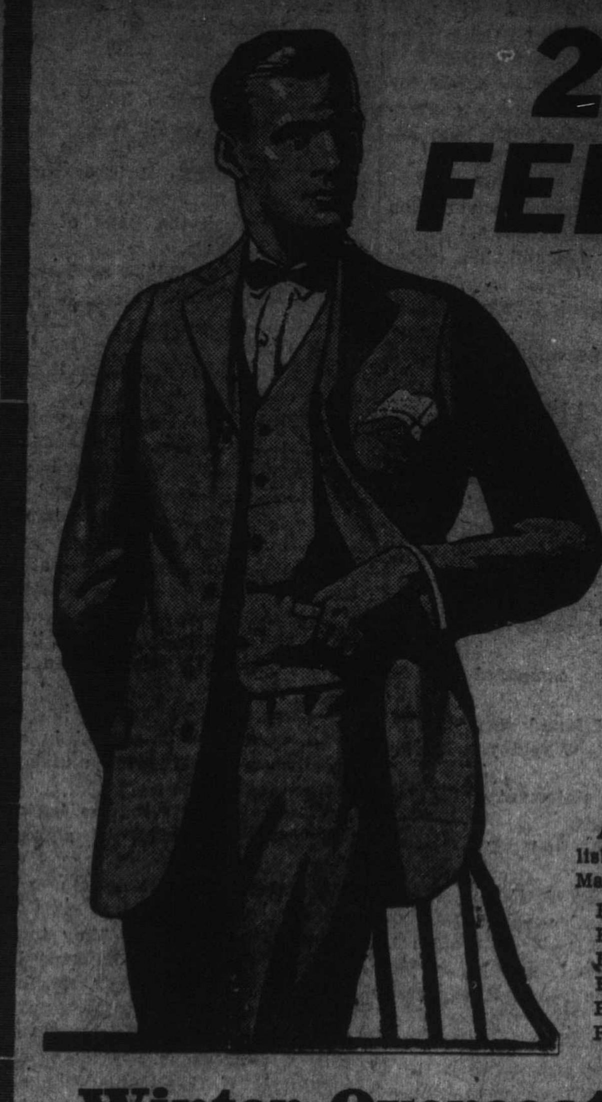
A.—Yes.

COMMISSIONER—It seems to depend on the individual customer; some like to get them every month and some like to get them less frequently.

MR. HOWLEY—But it is the customers' practice in all cases to get one at the end of each year?

A.—Yes.

Q.—Then such certificates are to show you that the actual cheques



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