

to be paid, without delay, to his Bankers; I placed the cheque to my own credit, when I found I was unable to protect the draft which Mr. Nelson asked me in his note to protect.

MR. BLAKE. What! You placed Mr. Nelson's cheque to your own credit?

WITNESS. Yes; I had to pay out over 600 dollars next day, so I placed the money in my own name.

MR. BLAKE. Would it not have been safer and more regular to have placed the amount in Mr. Nelson's own name?

WITNESS. I wanted to use the sum next day; on the 1st October an agreement was made, by which Gray and Sanderson transferred the business to Nelson. That agreement became inoperative, too. But, in the meantime, the accounts were made up. On the 12th October there was a final agreement. On the 14th October I went to the Quebec Bank and found for the first time that the bill of lading was pledged for a 1,700 dollar note; do not recollect writing Nelson on finding this out. Nelson arrived about the 19th; he came to the office, and Mr. Willoughby was present during the first conversation. The conversation was, I fancy, with reference to a telegram which Nelson said Mr. Harris had sent him, and which was untrue. Nelson did not charge me with having dictated it. He referred to the letters and instructions he received; I said I had written him a letter; this was on the 17th September. It was obvious from the conversation that he missed it.

WITNESS. I did not charge him that day with fraud. I did not ask him for any explanation about the 1,700 dollar note then. He was dissatisfied with the conduct taking place in reference to the business. I did not tell him that I had anything to do with the conduct he complained of. Subsequently in the day Nelson attacked Harris in the office about the false telegram, &c., and Harris said he was forced by the solicitors to act as he had done, as they were pushed by myself and Sanderson. Nothing was said to me about Nelson's fraud that day. Next day Nelson said he was going to take legal steps against me for fraud in using his 659 dollar cheque. I then charged him with committing a fraud against me in regard to the 1,700 dollar note. I said my letter of the 17th explained all about the 659 dollars. Nelson told me he released the three bills of lading by the 1,700 dollars. He said Sanderson was aware of it. I said Sanderson never told me so—that he had pronounced it a fraud. Nelson said, if Sanderson does not admit he knows of it, he'll do me a serious injury. I said, if Sanderson knows all about the note being used in that way, I am perfectly satisfied. On the 22nd I went to the Quebec Bank with Mr. Nelson. Nelson wanted me to raise funds with the Bank to honour a draft for the cargo of the Son and Heir. On the 14th, I told Mr. Bethune that the transaction in reference to the 1,700 dollars was a fraud. On the 22nd I told him that matters were in a different shape—that I was satisfied—that explanations had been made, and there was no fraud.

MR. BLAKE. Were these latter statements true?

WITNESS. No.

MR. BLAKE. You felt you were justified in lying that day?

WITNESS. Yes. The account shown me is in Mr. Nelson's handwriting, showing a balance of 3,628 dollars in his favour. In the account I made out I see a credit of 5,647 dollars credited to Mr. Nelson.

MR. BLAKE. Is the last credit a lie?