

and the Beauharnois Company considered these shares to be of such value that they still remain endorsed in blank, and have never been transferred on the books of the Company. It can hardly be pretended that this Company had any value, even as suggested, any "nuisance value" or was or could be thought to be any serious obstacle in itself to the application of the Beauharnois Light, Heat and Power Company to the Governor General in Council then pending. If so, there were two former applications in the Department, one of which at least was based on an alleged acquisition of the Robert rights, which rights were the foundation of the Beauharnois application. Still, the carrying out of the agreement was made conditional upon favourable action by the Governor General in Council, and it is beyond belief that had that Company not been owned by Senator McDougald, who represented himself to be a close friend of the administration, and R. A. C. Henry, soon destined to become Deputy Minister of Railways and Canals, or others equally influential, the Beauharnois Power Syndicate would have hardly considered paying for it even the nominal amount that had been subscribed as its capital stock, much less 2,000 units, which ultimately became \$300,000 in money and 80,000 shares of the Beauharnois Power Corporation Limited but would doubtless have received the same consideration as was accorded the other prior applicants—namely the privilege of being completely ignored.

(11) It is suggested that the handing over of this large number of units was in order to induce Mr. Henry to go over to the Beauharnois Company. Why any inducement, other than a doubling of his salary which actually occurred, should have been necessary in order to induce the man who had for at least six or seven years been most anxious to be connected with a Beauharnois Project is difficult to understand, and your Committee cannot accept that as the explanation. On the contrary we are convinced that the "nuisance value" consisted in the necessity of a large inducement to Senator McDougald in order that he, a possible obstacle in the attainment of the objects of the syndicate, might become so vitally interested therein that any possible opposition on his part might be obviated.

This Committee finds that the statements contained in the said Paragraphs 7, 8, 9, 10 and 11 are proven.

PARAGRAPHS 12, 13, 14 and 15

Paragraphs 12, 13, 14 and 15 deal with the evidence given by Mr. Henry before the Special Senate Committee and are relevant as relating to Senator McDougald's participation in these transactions.

(12) That Senator McDougald was a factor in the success of this venture is apparent from the Proceedings of the Special Committee of the Senate above referred to, of which he was a member. It appears that on the 31st of May, 1928, he was instrumental in having Mr. Henry, then his partner in the Sterling Company, come before that Committee and answer certain questions. These questions had (See page 215 of the Proceedings) been prepared beforehand by Senator McDougald and submitted to Mr. Henry.

(13) Mr. Swezey in his evidence makes it very clear that the reason for his having done some of the extraordinary things which he did do was that time was of great importance from the standpoint of financing the enterprise, owing to the threatened financial crisis.