

lated par value. It is also stated that each veteran was required to pay to Mr. Ferland, as my hon. friend mentioned, as part of the promotional expenses of the plan the sum of \$50. I say it is stated; I am not saying it is a fact; I do not know.

The plan of operation of the association was to supply to its members such services as telephone communication, certain garage service, station privileges and similar things, at a cost to each member of \$20 a month, as stated by my hon. friend. It is stated that the association is now and has been in operation for several months. The complaint of the veterans referred to by my hon. friend seems to consist of charges that Mr. Ferland misrepresented to them the nature of their interest in the association. The complaining veterans said they believed that they were in fact obtaining a participating interest in the company whereby they would become entitled to a share in the profits. It is evident that all they have are the preferred shares, which, of course, consist only of a claim against the company for payment of the amount of the shares at some time in the future together with interest at three per cent per annum. The veterans also claim—and I am using these words very carefully—that they paid the sum of \$50 to Mr. Ferland, as stated by my hon. friend, under misapprehension as to the purpose of such payment. It is also claimed by certain veterans that all the common shares have been issued to Mr. Ferland and his immediate associates, that Mr. Ferland has complete control over the operations of the association and that he is unwilling to account to the shareholders in any proper manner.

The activities of Mr. Ferland in connection with this business first came to the attention of the department in July, 1946, at which time Mr. Ferland was on sick leave; he was not on active duty in the department. As soon as he returned, his resignation was obtained. It seems clear that most of his activity connected with the development of this association and putting it into operation was carried on during the time of his sick leave. The action taken with respect to Mr. Ferland's resignation from the department was due to what at that time appeared to be a breach of the regulations, which prohibit any employee from engaging in private business during office hours. This is tantamount to dismissal,\* and was then and is still the only action open to the department.

From time to time during the last several months the department has received delega-

\*See also p. 4228, June 17

[Mr. Mackenzie.]

tions representing the dissentient veterans mentioned by my hon. friend. They have consistently requested the department to take some active steps leading to the solution of their difficulties. The department has thoroughly studied the whole situation, and has taken the stand that there were no grounds upon which the department as such could intervene. It was pointed out to the veterans that inasmuch as the department did not suffer financially, and inasmuch as no reestablishment credit money had been improperly granted—not by the department—the department has no status as a party to the dispute which has developed among members of this corporation. However, the department did request the Royal Canadian Mounted Police to investigate and report on the possible violation by Mr. Ferland of the War Service Grants Act or any other law. As the result of such report the department was confirmed in its opinion that if any action were taken it must be taken in the courts of the province of Quebec by those who hold themselves aggrieved. It is understood that the complaining veterans have engaged counsel, as mentioned by my hon. friend, and commenced criminal proceedings in the courts of Montreal against Mr. Ferland. It is further understood that these veterans have also engaged other counsel to commence civil proceedings in the appropriate courts of the province with the object of obtaining from Mr. Ferland a proper accounting and such other relief as may be available at law for their grievances. It may be pointed out that the employment of Mr. Ferland by the Department of Veterans Affairs was obtained through the usual channels of the civil service commission.

That is the complete story as far as I have been able to find it from the records of the department; but if the house would care to have the public accounts committee or any other committee go farther into it, I should be more than pleased. If there are any concrete suggestions as to what may be the responsibilities of the department through the defalcations or wrong procedure of one of our officials I should be very glad to have those suggestions sent to me and to make representations to my colleagues accordingly. I am in thorough agreement with what my hon. friend has said. I have not the slightest criticism to offer, and it was a great disappointment to us to see that one of our fairly senior officials was responsible for these indefensible practices. That is all I can say.

Mr. GREEN: What about Captain Levesque? The minister said nothing about him.