

A ROYAL COMMISSION

Limited Inquiry into Shell Committee Contracts Yielded by Borden Government.

A limited inquiry into certain specified contracts made by the Canadian Shell Committee has been yielded by the Borden Government and a Royal Commission composed of Sir William Meredith, Chief Justice of Ontario, and Hon. L. P. Duff of the Supreme Court of Canada has been designated by Sir Robert Borden. The Commission is expected to commence its hearings at an early date.

The announcement of this inquiry followed close on serious allegations made by Mr. G. W. Kyte, M.P. (Richmond, N.S.) in the course of a speech on Tuesday, March 28th, in the debate on the motion of Sir Wilfrid Laurier for a Parliamentary investigation of the business of the Shell Committee. Mr. Kyte broke considerable new ground in his memorable speech and added much to the arguments advanced earlier by other Liberal speakers in support of a full Parliamentary investigation. The Premier chose, however, to take special cognizance only of information given by Mr. Kyte in regard to certain specific matters, and announced on Thursday, March 30th, two days later, that the investigation by Royal Commission would be confined to contracts for fuses given to the International Arms & Fuse Company and the American Ammunition Company, to a contract with the Edwards Valve Company of Chicago for cartridge cases and an alleged contract or negotiations with the Providence Chemical Company of St. Louis for large supplies of picric acid. Premier Borden also quoted the Order-in-Council appointing the Commission as authorizing the Commission to inquire into such other matters connected with the Shell Committee as might be referred to them by Order-in-Council. The contracts named, it will be noted, were all with United States companies.

The statements made by Mr. Kyte may be summarized here in brief as follows:—

Startling Charge by Mr. Kyte.

On the 25th day of May, 1915, the American Ammunition Company was incorporated in the State of Virginia with an authorized capital of \$1,000,000, but with only a subscribed capital of \$1,000. The company was authorized to manufacture shells, cartridges, fuses, etc. One E. B. Cadwell became its president.

About two weeks later—June 9th—the International Arms and Fuse Company was incorporated in the State of New York, with an authorized capital of \$1,500,000, but with a subscribed capital of only \$3,000. The officials of this company were dummies, and, as in the other company, they were authorized to manufacture munitions of war.

Neither of the foregoing companies were in possession of a plant but were organized for the purpose of entering into fuse contracts with the Canadian Shell Committee.

On June 10th three Americans, E. B. Cadwell, head of the newly organized American Ammunition Company, one B. F. Yoakum, of New York, and E. W. Bassick, of Bridgeport, Connecticut, all connected with the two above mentioned companies—

sat down and signed a formal agreement by which they apportioned among themselves as commission one million dollars of money they were to get from the Canadian Shell Committee for a contract for 2,500,000 fuses they had been promised by General Bertram, head of the Committee.

Nine days later—on June 19th—they got contracts for \$22,000,000 worth of fuses.

The contracts were awarded to the two companies.

The day the contracts were awarded them the Shell Committee advanced them the sum of \$2,166,000. Within four months they received an additional cash advance of \$1,083,300—making a total advance of \$3,250,900.

One of the men who came in on the million dollar division, B. F. Yoakum, of New York, latter associated himself with a partnership formed between Col. J. Wesley Allison, General Hughes' friend, and Eugene Lignanti, leader of the orchestra in the Ritz-Carlton Hotel, Montreal.

Lignanti, the orchestra leader, apparently retired from the partnership with Allison and Yoakum with an arrangement that he was to receive fifty thousand dollars.

There were other contracts with the Shell Committee out of which Lignanti was to receive \$266,000, and Allison and Yoakum \$1,000,000 to divide between them.

The two companies—those incorporated in New York and Virginia, agreed to the speedy delivery of fuses, but in spite of the three million dollars advanced them by the Shell Committee, practically no fuses were furnished by them for nearly a year.

Of the five million fuses contracted for, only 445,000 had been delivered up to the fourteenth day of the present month.

Contracts Ratified by Sir Sam Hughes.

Mr. Kyte also showed that not only did these "mushroom" American companies get these immense contracts when they had no plants with which to manufacture fuses; not only did they get advances in actual cash of something over three million dollars before they ever made a move to make a fuse, but that the whole arrangement was with the knowledge and consent of Sir Sam Hughes. This was proved by the production of a certified copy of the contracts with the Shell Committee, which contained the following:

I, Major General the Honourable S. Hughes, Minister of Militia and Defence of the Dominion of Canada, in accordance with authority duly conferred upon me by His Britannic Majesty's Government, hereby ratify and confirm on its behalf the foregoing agreement between the American Ammunition Company, Incorporated, and the Shell Committee.

Dated at Ottawa, Canada, this 19th day of June, A.D. 1915.

SAM HUGHES, Major General,
Minister of Militia and Defence.

Witness:

John F. Orde.