

(4) *In 1923, Mr. McDougald became associated with Mr. R. A. C. Henry, as has been previously pointed out in this report, and as a result the Sterling Industrial Corporation Limited was incorporated and applications made to the Departments of Public Works and Railways and Canals on the 5th and 7th July, 1924, as already indicated.*

(5) *From this small beginning, the interests of Senator McDougald have expanded until at the time of his giving his evidence he was Chairman of the Board of the Beauharnois Power Corporation, Limited, elected on the 20th of December, 1929, the holder of Management Preferred Shares; a director of the Beauharnois Light, Heat and Power Company, the Beauharnois Construction Company, the Beauharnois Land Company, and the Beauharnois Transmission Company.*

(6) *This expansion is almost comparable to the present Beauharnois Project as compared with the original St. Louis feeder.*

This Committee finds that the report of the Commons set out in the above paragraphs is completely established.

#### PARAGRAPHS 7, 8 and 9

(7) *The application of the Sterling Industrial Corporation was allowed to lie dormant until some time in 1928. On the 18th of May, 1928, Senator McDougald agreed to take over 800 units of the first syndicate which had been subscribed for by Mr. Clare Moyer on the 4th of April, 1928, the day upon which that syndicate was dissolved, and upon which day a payment of \$15,000 was made by Mr. Moyer, of moneys which he says he received in cash from Mr. Winfield Sifton. A further payment was made on the 18th of May, in an amount of \$15,000 out of moneys which Mr. Moyer says were received by him from Mr. Sifton by way of a bank draft containing no information as to the person who was providing the funds.*

(8) *The 800 units thus acquired by Senator McDougald became 1,600 units on the formation of the second syndicate, and he, in the name of Mr. Moyer, subscribed as he had the right to do for 1,600 more units at a price of \$100 per unit, and for which he agreed to pay \$160,000 and on which at the dissolution of the syndicate on the 17th December, 1929, he had paid \$80,000.*

(9) *In the meantime, however, namely on the 2nd October, 1928, these had been transferred from Mr. Moyer to Mr. John P. Ebbs, a member of the Haydon firm, by reason of some instructions from Senator McDougald, about which there seems to be some insolvable mystery, and about which there need not have been any mystery at all if the transactions were an ordinary business one.*

This Committee finds that the facts set out in the said Paragraphs 7, 8 and 9 are established, and makes the following comments and findings with respect to the said purchase by Senator McDougald.

It has been disclosed at this inquiry that the first two payments made by Mr. Moyer to the Beauharnois Syndicate were made with funds supplied him by Mr. Sifton and deposited by him in the Wall Street Branch of the Bank of Nova Scotia in New York, the first deposit being made on the 31st March, 1928, for \$15,000, against which he issued a cheque for \$15,000 on the 4th April in favour of the Marquette Investment Corporation, which was the corporation used by the Beauharnois Syndicate for receiving and disbursing of its moneys. This cheque was cashed by the said Corporation on the 6th April. On the 17th